DOCUMENT RESUME

ED 064 796 EA 004 471

TITLE	School Finance Reform in Michigan - 1971. Interim Report.
INSTITUTION	Michigan State Executive Office, Lansing. Bureau of Programs and Budget.
SPONS AGENCY	Department of Housing and Urban Development, Washington, D.C.
REPORT NO	TR-C1-b
PUB DATE	Apr 72
NOTE	175p.; Comprehensive Planning Assistance Project Michigan P-319
EDRS PRICE	MF-$0.65 HC-$6.58
DESCRIPTORS	Costs; *Educational Finance; Equal Education; *Equalization Aid; Expenditure Per Student; Operating Expenses; *Property Taxes; *School Taxes; State Action; *State Aid; State School District Relationship; Tax Rates; Tax Support; Teacher Salaries

ABSTRACT

In 1969, the governor made a series of recommendations to the Legislature and to the people of Michigan regarding changes in the method of funding elementary and secondary schools. The current system, which relies heavily on the local property tax, has produced sizable inequities of educational opportunity among the children of the State. Since several courts, both State and Federal, have questioned the constitutionality of similar systems of financing schools, a greater sense of urgency has surrounded the consideration of these recommendations. The proposals fall into the two major areas of (1) a constitutional amendment that would shift the reliance of school operational funding from the local property tax to a system of State taxation, and (2) a different system of allocating funds to local school districts that would better equalize educational opportunities for students. This report is a compilation of statements regarding these proposals. The document also includes the proposed constitutional amendment, draft legislation, a computer simulation of the distribution proposal impact, and an analysis by a nongovernmental agency. (Author)

ED 064796

BIBLIOGRAPHIC DATA SHEET	1. Report No. CPA-MI-05-28-0319-C1.b	2.	3. Recipient's Accession No.
4. Title and Subtitle School Finance Reform in Michigan - 1971			5. Report Date April, 1972 6.
7. Author(s) State of Michigan, Executive Office, Bureau of Programs and Budget			8. Performing Organization Rept. No C1.b
9. Performing Organization Name and Address Bureau of Programs and Budget Lewis Cass Building Lansing, Michigan 48913			10. Project/Task/Work Unit No. C1.b 11. Contract/Grant No. CPA-MI-05-28-0319
12. Sponsoring Organization Name and Address same			13. Type of Report & Period Covered Interim 3/71 - 4/72 14.

15. Supplementary Notes

16. Abstracts In 1969 Governor William G. Milliken made a series of recommendations to the Legislature and to the people of Michigan regarding changes in the method of funding elementary and secondary schools. The current system, which relies heavily on the local property tax, has produced sizable inequities of educational opportunity among the children of the state. Since several courts, state and federal, have questioned the constitutionality of similar systems of financing schools, a greater sense of urgency has surrounded the consideration of these recommendations. The proposals are in two major areas. First, a constitutional amendment which would shift the reliance of school operational funding from the local property tax to a system of state taxation. And, second, a different system of allocating funds to local school districts which would better equalize educational opportunities for students. This report is a compilation of statements regarding the proposals. It also includes the proposed constitutional amendment, draft legislation, a computer simulation of the impact of the distribution proposal, and an analysis by a non-governmental agency.

17. Key Words and Document Analysis. 17a. Descriptors

17b. Identifiers/Open-Ended Terms

17c. COSATI Field/Group

18. Availability Statement	19. Security Class (This Report)	21. No. of Pages
Release unlimited	UNCLASSIFIED	191
	20. Security Class (This Page) UNCLASSIFIED	22. Price

FORM NTIS-35 (10-70) USCOMM-DC 40329-P71

EA 004 471

ED 064796

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SCHOOL FINANCE REFORM

IN MICHIGAN - 1971

WILLIAM G. MILLIKEN, Governor

Executive Office
Bureau of Programs and Budget
John T. Dempsey, Director

EA 004 471

Comprehensive Planning Assistance Project Michigan P-319
Work Item TR C1.b

April, 1972

The preparation of this report was financed in part through a comprehensive planning grant from the Department of Housing and Urban Development.

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SCHOOL TAX REFORM IN MICHIGAN

> Affluent districts can have the cake and eat it too; they can provide a high quality education for their children while paying lower taxes. Poor districts, by contrast, have no cake at all.
>
> --Serrano vs. Priest

The most dramatic event dealing with school finance during the decade of the seventies will be the Supreme Court decision Serrano vs. Priest. This event gives the rhetoric which has previously surrounded the issue of equal educational opportunity a new sense of urgency and direction.

In Michigan the dialogue regarding equal educational opportunity has been prolific even though action has been sparse. Starting in 1967 the Michigan State Legislature appropriated funds to study the situation. The report, "School Finance and Educational Opportunity in Michigan," was released in 1968 and concluded what many people had already suspected--inequities existed and these inequities directly stem from the method of financing schools.

In the spring of 1969, Governor William G. Milliken appointed a Commission on Educational Reform and charged them to outline specific steps which would be taken to relieve the inequities. The report of the Governor's Commission on Educational Reform and

the following legislative recommendations are reviewed in the report "A Chronology of Educational Reform in Michigan."[1] Later events were recorded in "An Update of Educational Reform in Michigan."[2]

This report describes the progress toward achieving the goal of equal educational opportunity. During the evolutionary process, there has been a growing consensus as to the source of the problem and the methods for resolving the problem. Most people now agree that the financing of schools must be shifted away from the local property tax to a state system of taxation. To effectuate this shift, most of the discussion has narrowed to two major proposals. The first element is a constitutional amendment which would clearly set the public policy for equality through the voting process. The amendment makes the shift technically possible by reducing and limiting the amount of revenues which could be raised by local property tax and by mandating the state legislature to provide equal and quality educational opportunity for all children. The second proposal deals with the distribution of revenues once the constitutional amendment has been passed.

This report is divided into two sections. Each section, which is a compilation of previously written statements and documents, describes one of the above mentioned proposals. In addition, the appendix contains other historical and analytical material.

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1. "A Chronology of Educational Reform in Michigan," Office of Planning Coordination, State of Michigan, January, 1970.

2. "An Update of Educational Reform in Michigan," Office of Planning Coordination, State of Michigan, October, 1970.

SECTION I

SHIFTING AWAY FROM THE LOCAL PROPERTY TAX

The following papers are included within this section.

1. School Finance Reform in Michigan, by Governor William G. Milliken. It discusses: (1) the need for change; (2) defining quality education; (3) equalizing tax burden; (4) local control; and (5) the proposed constitutional amendment.

2. "Language of the Constitutional Amendment" Included are: (1) summary of the purposes; (2) the proposed language; and (3) the existing language.

3. "How Does the Constitutional Amendment Affect You?" This paper describes the inequity of the present school finance system on both the student and the taxpayer. In addition, it allows each taxpayer to calculate the impact the proposals would have on his future taxes.

SCHOOL FINANCE REFORM IN MICHIGAN

By Governor William G. Milliken

Michigan's public education system is one of the finest in the nation. But if the quality of education in Michigan is generally high, it is also strikingly uneven. In the last few years I have seen a growing willingness to reduce the inequities which now exist in our schools, but only in the last few months have I seen growing agreement as to the concurrent changes which are required in our tax structure in order to achieve our objective. One thing is for certain, improvements in educational opportunity will not take place unless there are dramatic changes in our tax structure which would move the financing of our schools away from the local property tax.

Many people fail to recognize the inter-relationship between taxation and the distribution of school revenues. It is this inter-relationship that causes the double inequity within our present system of school finance--one inequity for the child and another inequity for the taxpayer.

Data from four school districts within the Detroit metropolitan area illustrates the school finance dilemma.

District	1 mill yield ($/Pupil)	Millage Rate	Local Revenue ($/Pupil)	State Aid ($/Pupil)	Total ($/Pupil)	Staff Per 1,000 Students
River Rouge	$60	21	$1,260	$ 0	$1,260	60
Wayne	13	36	468	362	830	48
Detroit	18	21	378	278	656	38
Inkster	8	26	208	463	671	44

Note: 1970-71 Data; state categorical funds and federal funds are not included.

Undoubtedly an inequity exists for students. The difference of expenditures just within these districts approaches $600 per pupil. The amount of staff which school districts are able to employ directly reflects their capacity or lack of capacity to raise revenues. To put the staffing ratios in some perspective, it would take 2,000 additional staff members within the Detroit school district to bring them up to the state average. It would take an additional 6,000 staff members if they were to have the same ratio as the River Rouge school district. Clearly these inequities are caused by the vast variation in amounts of money raised through the local property tax. River Rouge, the richest property tax school district, receives over $1,000 more per pupil than does Inkster, the poorest property tax school district. This happens even though Inkster levies a high millage.

Although the state attempts to equalize these differences by providing poorer property tax base districts with more state aid, these attempts are obviously not fully successful. It is theoretically possible to provide equity comparable to the highest school district by adjusting Michigan's state-aid formula. More practically, however, bringing every school district in the state up to the level of River Rouge, which is not even Michigan's highest, would require over one billion dollars more in state revenue or an increase of nearly 100 percent. This approach, I believe, is fiscally prohibitive, politically impossible, and in terms of educational benefits, questionable.

Taxpayers also are not being treated fairly. This becomes more pronounced when we look at the amount of tax which would have to be paid in each of the four districts to provide the $1,260 per pupil expenditure of the richest school district in our example. By way of illustration, let's use a home with a market value of $20,000. In Michigan the constitution provides that the assessed valuation be at fifty percent of market value, in this case $10,000. Where the homeowner in the River Rouge school district would pay $210, the homeowner in the Wayne school district would pay $690, the homeowner in Detroit would pay $530, and the homeowner in Inkster's school district would pay $1,000.

We know, based on what is happening in other states, the courts are ordering a stop to these kinds of disparities. The California Supreme Court describes the problem quite well when it said:

> "Affluent districts can have their cake and eat it too; they can provide a high quality education for their children while paying lower taxes. Poor districts, by contrast, have no cake at all."

In Michigan we are reaching the threshold of change in school finance because three realities are being accepted by the public, by the legislature, and by school people. First, substantial inequities do exist for the student and the taxpayer. Second, the solutions for these inequities are to be found in a new system of taxation rather than solely spending more money. Third, the courts are not going to idly sit by and allow the rest of us to procrastinate.

What is exceedingly clear to me now was not apparent when I took office in 1969. At that time I established a Commission on Educational Reform and served as its chairman. The proposals which I have subsequently made to the legislature and people of Michigan have been based on the recommendations of this body.

The heart of my program calls for the elimination of the property tax for general school operational purposes and a shift to a system of state taxation. But before you review the details, I ask that you keep the objectives as outlined by the Educational Reform Commission well in mind. In summary they are:

--Quality education for every child, no matter where he may live. This means an educational system which will assure that our children are well educated, properly prepared for the world in which they will live and work. It also means that educational opportunity must be equal for all children, regardless of race, economic status of parents, or geographic location in Michigan.

--A rational system of educational finance which will distribute state and local resources to assure quality education.

--Equity of tax burden. Justice requires that all persons contribute their fair share to the cost of education. Because education is a public responsibility, all parts of the public must contribute; such contributions should be based on ability to pay. The tax structure must be stable and reliable, and it must also grow as population and needs grow.

--Local control. Long-standing tradition in this state requires that local communities and school districts retain control over important matters of educational concern, such as curriculum and personnel. The difficult problem of raising educational revenue should be removed from local districts, so they can concentrate on educational quality.

QUALITY EDUCATION

Most people agree that action must be taken to end the kinds of disparities which I previously mentioned. However, correction of disparity does not necessarily mean that we will ultimately wind up with an expenditure of exactly the same number of dollars for every student in Michigan. I don't think that should be our goal. Our goal must be full and equal educational opportunity. We must approach our goal with the knowledge that educational needs, and therefore costs, may vary.

Neither does correction of disparity mean that comparatively wealthier districts must sacrifice their hard-won excellence to aid poorer districts. Under my proposal, no school district will get less money per student than it is now getting; it will not be a Robin-Hood approach of taking from the rich and giving to the poor. It will, I believe, mean that poorer districts must receive more state aid. This will increase educational quality where it is most needed and, thus help resolve our persistent social problems that stem in part from our failure to provide quality education.

Historically, the distribution of educational resources has been based on dollars per pupil. Many people, therefore, have been led to believe that dollars per pupil is the standard of educational quality. What I think is a better measure of the quality and

equality of educational opportunity is the professional staff resources available. With this in mind, the key to educational reform becomes the quality and quantity of the educational resources we provide rather than how much money we spend.

Quality education to me means that a child has the human and material resources which will help him obtain the necessary academic, social, and vocational skills preparing him to live, function, and work in society and allow him to obtain higher intellectual and aesthetic goals. Under my revenue sharing proposal, each school district will be guaranteed the revenue to hire an equal number of qualified professionals for each 1,000 students in their district. The provision of equal teaching resources for each child, I believe, will more satisfactorily meet the constitutional mandate for equity and the public policy demand for quality than will a dollars per pupil definition.

Although there are some who claim the pupil-teacher ratios or class size have no bearing on educational outcomes, I cannot conversely assume that those wealthy school districts who are in a position to hire more staff are merely wasting taxpayers' money by doing so. Most people, I believe, will accept the amount of time a child spends with a qualified teacher as an acceptable measure of educational quality.

EDUCATIONAL FINANCE

State revenues should be shared with school districts in such a way as to provide:

1. Improved educational programs.

2. Excellence in education by leveling-up, not averaging down.

3. Local control by boards of education through their continued hiring and directing of staff and determining curriculum.

4. Local initiative for program enrichment.

5. Programs to meet the special needs of students--such as vocational education, special education, compensatory education.

6. The opportunity for local districts to operate pre-kindergarten programs, and

7. All the foregoing at a cost which would not be considered excessive by taxpayers.

Based on these criteria, my staff has developed a system for distributing state resources.

EQUITY OF TAX BURDEN

There is general recognition that specially levied millage for school operating costs (now averaging 25.7 mills statewide) is much too high and that it places a disproportionate burden upon the property tax. As you are well aware, this presents serious problems.

--The varying property wealth of different districts, regardless of the level of property tax levied, produces varying levels of educational support. Thus some districts with relatively low tax rates raise substantial sums of money, while other districts with very high tax rates raise lesser amounts.

--Frequently, because of taxpayer resistance, school operating millages fail in elections, thereby denying needed support to local educational systems.

--The property tax, while very stable, does not grow as quickly as the economy or educational needs. Therefore, there is a natural strong pressure to finance an increased portion of educational costs out of general revenue.

--The property tax falls particularly heavily on senior citizens, small farmers, and low income persons who own or are buying homes. Such persons simply are not able to continue to carry a high tax burden.

My plan to change the system of financing public education involves taking the burden off the local property tax for regular school operating costs. That means providing $618 million in individual property tax relief and $500 million in business tax relief. Obviously, that money will have to be replaced. I am proposing that the individual property tax relief be offset by a 2.3% increase in the income tax. The total business property tax relief will be offset by a value-added tax on business.

The property tax, while stable, does not grow as quickly as the economy or educational needs. As all taxpayers are aware, the slow growth of the tax requires school districts to request increased tax rates - almost yearly. The replacement of the property tax for school operating purposes with an increase in the personal income tax will allow tax revenues to grow along with the economy. This should eliminate the need for regular increases in tax rates.

In fiscal year 1980, the proposed increase on the personal income tax will generate revenues of $700 million, or 23 percent more than what the property tax would yield. This assumes no increase in the property tax or income tax rates.

The frequently expressed concern about the instability of the income tax is not entirely justified. While the yield of the corporate income tax is somewhat unstable, the personal income tax does

not fluctuate radically. As you recall, I have proposed an increase in the personal income tax only. The stability of business tax would not be significantly changed by a value added tax on business.

My tax relief package guaranteeing property tax reduction for homeowners also includes special measures to relieve the property tax burden of renters. Renter's tax relief will be provided as a credit against the state income tax.

LOCAL CONTROL

I am often asked, "If you take away the local property tax, what will be left for the school boards to do?" The answer is that school boards will continue to do the same things they do now, with one exception--they won't have to fight millage battles for school district survival, and they will know more clearly how much money they will have available from year to year.

As you know, school boards adopt their own budgets; determine school district policy; determine courses of study and select textbooks; hire and direct teachers and other staff; assign and promote students; set salary levels and individual salaries; and request voter approval for new construction. These things they do now, and these things they will continue to do. In addition, they will have to get voter approval for enrichment programs.

As it is now in much of Michigan, effective local control of education is jeopardized by a shaky financial foundation. When a local district is impoverished, or has exhausted most of its financing capabilities, its local control is extremely limited in practice no matter what it might be in theory.

Going back to the illustration of the four metropolitan school districts, does a district paying five mills higher tax but spending nearly $600 less than another district have local control? Does that school district have local control when their taxpayers would have to pay 100 mills of property tax for what the other taxpayers get for paying 21 mills? In the words of the California Supreme Court, this myth of local control is a "cruel illusion for the poor school districts."

CONSTITUTIONAL AMENDMENT

Because the present constitution places the financing of schools on the local property tax, a meaningful change cannot take place merely by statute. More importantly, such a major shift in education and taxation policy could not take place unless there is the public acceptance of the change. By amending the constitution, which requires a majority vote of the people, a mandate will be evident.

Right now the immediate problem is to get the question before the people. To be placed on the ballot, the legislature must by two-thirds vote agree to the language. Up to now such action has been bogged-down in political partisanship. As a consequence, we are now in the process of collecting over 300,000 signatures to have the question placed directly on November's ballot.

Briefly described, the provisions of the proposed amendment are these:

--It will reduce the present constitutional property tax limit from 50 mills to 26 mills, then freeze the lower limit, constitutionally, so that the property tax can't creep up again. I am determined that there will be substantial property tax relief and that this relief will be guaranteed.

--It will assure constitutional limits on the taxing power of local units of government. This will clarify the confusion over bonding which resulted from the recent Michigan Supreme Court decision.

--It will provide up to six mills, by vote of the people, for enrichment of local education programs, and that millage will be equalized by law so each mill will yield the same amount in every district.

--It will guarantee 4-1/2 mills to be divided, by law, among vocational, compensatory and special education, and intermediate school districts.

--It mandates the legislature to "establish a program of general state taxation and a method of distributing funds for the support of elementary and secondary public school districts to assure equal and quality educational opportunity for all students."

* * * * *

Seven of Michigan's top ten news stories of last year, selected by Associated Press, dealt with education. Five of these stories directly related to the method of school finance. This is just one indication of the growing uncertainty as to the future of financing our schools. Even with the growing uncertainty there is still a natural resistance to change. But irresistible winds of change are blowing across the land. The courts in California, Minnesota, New Jersey, and Texas are telling us that the present system of financing public education is inequitable--that it will not withstand the tests of constitutionality. This is exactly what I have been saying for the past two years. In October, the Attorney General and I asked the state courts to rule on the use of the property tax to finance local school districts. I am confident that the courts will come to the same conclusions as I have--using the local property tax for financing schools creates inequities for students and taxpayers.

However, I am not satisfied with 'passing the buck' on to the courts. Because education is a fundamental interest in our society, it is incumbent upon members of society to actively and thoughtfully pursue its improvement. I am confident that the people of Michigan will respond to this challenge in such a way as to provide all children--not just some--with quality education.

March, 1972

INITIATIVE PETITION AMENDMENT TO THE CONSTITUTION

A petition to amend Article IX, Section 6 of the Constitution of the State of Michigan (1) proposing specific and general limitations to be fixed by law pursuant to this section on the maximum amount of taxes imposed by tax-levying units on real and tangible personal property for operating purposes; (2) proposing the approval by the electors of a tax-levying unit of the imposition of additional amounts of taxes within limitations for operating purposes and the approval by electors of 6 mills for educational enrichment; (3) defining the limitations regarding tax support for authorized indebtedness of all tax-levying units; (4) proposing that the legislature establish a program of general state taxation and a method of distributing funds for the support of public school districts; (5) proposing that the legislature establish a method of distributing supplementary funds for intermediate school districts, vocational education, special education, and compensatory education purposes.
(The full text of the proposed amendment appears on the reverse side of this petition.)

This proposal, to be voted on at the General Election on November 7, 1972, if adopted, would alter the provisions of the existing Article IX, Section 6, the full text of which appears on the reverse side of this Petition.

PROPOSED CONSTITUTIONAL AMENDMENT

ARTICLE IX, SECTION 6

Sec. 6. Except as otherwise provided in this constitution, from and after January 1, 1973, the total amount of general ad valorem taxes imposed upon real and tangible personal property for all purposes in any one year shall not exceed 26 mills on each dollar of the assessed valuation of property as finally equalized.

Except as otherwise provided in this Constitution, from and after January 1, 1973, and within the 26 mill limitation, (1) the levy of general ad valorem taxes for general elementary and secondary public school operation purposes, as defined by law, shall be prohibited, except that under procedures provided by law any school district may impose in any one year not to exceed 6 mills for elementary and secondary public school district program enrichment purposes, as defined and equalized by law, if approved by a vote of a majority of the qualified electors of the school district voting thereon; (2) the total amount of general ad valorem taxes imposed in any one year for all purposes by any taxing unit for intermediate school district, vocational education, special education and compensatory education purposes, as defined by law, shall not exceed 4½ mills, as defined and equalized by law; (3) the total amount of general and ad valorem taxes imposed in any one year for all purposes by any county shall not exceed 8 mills and by any township shall not exceed 1½ mills, as shall be provided by law; (4) any county or any township therein, under procedures provided by law which shall include provisions for the allocation thereof, may impose in any one year not to exceed 6 mills, in the aggregate, if approved by a majority vote of the qualified electors of such county or township voting thereon.

The foregoing limitation shall not apply to taxes imposed for the payment of principal and interest on bonds or other evidences of indebtedness or for the payment of assessments or contract obligations in anticipation of which bonds are issued, which taxes may be imposed without limitation as to rate or amount, but only at rates and in amounts sufficient to make such payments; or to taxes imposed for any other purpose by any city, village, community college district, charter county, charter township, charter authority, or other authority, the tax limitations of which are provided by charter or by general law; provided, however, no bonds or other evidences of indebtedness to pay operating expenses shall hereafter be issued which are payable from general ad valorem taxes imposed without limitation as to rate or amount except as provided by law.

The legislature shall establish a program of general state taxation and a method of distributing funds for the support of elementary and secondary public school districts to assure equal and quality educational opportunity for all students.

The legislature shall establish a method of distributing supplementary funds for intermediate school districts, vocational education, special education, and compensatory education purposes which shall take reasonable account of local or regional variations of the needed level of services and the cost thereof.

Provision of existing constitution altered or abrogated by such proposal if adopted

Article IX, Section 6

Sec. 6. Except as otherwise provided in this constitution, the total amount of general ad valorem taxes imposed upon real and tangible personal property for all purposes in any one year shall not exceed 15 mills on each dollar of the assessed valuation of property as finally equalized. Under procedures provided by law, which shall guarantee the right of initiative, separate tax limitations for any county and for the townships and for school districts therein, the aggregate of which shall not exceed 18 mills on each dollar of such valuation, may be adopted and thereafter altered by the vote of a majority of the qualified electors of such county voting thereon, in lieu of the limitation hereinbefore established. These limitations may be increased to an aggregate of not to exceed 50 mills on each dollar of valuation, for a period of not to exceed 20 years at any one time, if approved by a majority of the electors, qualified under Section 6 of Article II of this constitution, voting on the question.

The foregoing limitations shall not apply to taxes imposed for the payment of principal and interest on bonds or other evidences of indebtedness or for the payment of assessments or contract obligations in anticipation of which bonds are issued, which taxes may be imposed without limitation as to rate or amount; or to taxes imposed for any other purpose by any city, village, charter county, charter township, charter authority or other authority, the tax limitations of which are provided by charter or by general law.

In any school district which extends into two or more counties, property taxes at the highest rate available in the county which contains the greatest part of the area of the district may be imposed and collected for school purposes throughout the district.

HOW DOES THE CONSTITUTIONAL AMENDMENT AFFECT YOU?

The following comparison of two people serves to illustrate what happens. Bill and Joe work at the same job, in the same plant, but live in different school districts. Out of his salary Bill pays $360 in property taxes on his $20,000 house to support his schools, and Joe pays only $210 on his house of the same market value.

Bill was shocked when he found out that he was paying more money in local school taxes than Joe while his children had less money spent on their education and were in larger classes than Joe's children. Here is how this inequity to children and taxpayers happens. Joe lives in a school district where there is a large industry which pays a large share of the school tax. When one mill is levied against the tax base in Joe's district, $60 per pupil is raised. Bill lives in a school district where only $13 per pupil is raised by levying one mill--4 times less. Let's compare the two school districts on a per pupil basis.

	Property Tax Base	School Operating Millage	Property Tax	State Aid	Total School Dollars	Pupil Teacher Ratio
Joe's School	$59,845	20.9	$1,251	$ 0	$1,251	16.7
Bill's School	13,064	35.9	469	362	831	20.8

As you can see, Bill's district has less tax base, pays higher rates, while his children have less money for education and sit in larger classes, even though state aid is given to reduce the inequity.

Under the present system, Bill would have to pay $680 dollars (68 mills) to provide for his children what Joe's children get for paying $210 (21 mills).

The proposed constitutional amendment solves this problem by prohibiting the use of the local property tax for general school operating purposes. In its place would be a 2.3% personal income tax which is based more on an individual's ability to pay. What would Bill and Joe pay under the new system?

	PRESENT SYSTEM		NEW SYSTEM	
	Personal Income	Property Tax	Income Tax Increase (Family of 4)	Savings
Joe's tax	$10,000	$210	$120	$ 90
Bill's tax	10,000	360	120	240

Under the new system, Bill and Joe would be paying the same amount. Bill would have a savings of $240 and Joe a savings of $90.

Although Joe and Bill are fictitious characters, the school districts described are the Wayne-Westland Community Schools and the River Rouge Community Schools.

To help you better understand the impact of the constitutional amendment in terms of your pocketbook, use the information provided on the back of this sheet.

TAX IMPACT OF CONSTITUTIONAL AMENDMENT*

IMPACT ON YOU

Select the dollar value from each table that applies to your situation.

Increased Income Tax Payment (Table I) $_____

Property Tax Savings (Table II) or
Renters' Tax Refund (Table III) -_____

Net Decrease (-) or Increase (+)
in your taxes for school operations $_____

* Assumes complete removal of local school operating property taxes and a 2.3 percent increase in the state personal income tax rate.

TABLE I

INCREASE IN INCOME TAX PAYMENTS

Personal Income	Number in Family 1	2	3	4	5	6
$ 4,000	$ 64	$ 37	$ 0	$ 0	$ 0	$ 0
6,000	110	83	52	28	0	0
8,000	156	129	101	74	46	18
10,000	202	175	147	120	92	64
12,000	248	221	193	166	138	110
15,000	317	290	262	235	207	179
18,000	386	359	331	304	276	248
21,000	455	428	400	373	345	317
24,000	524	497	469	441	414	386

TABLE II

HOMEOWNERS' SCHOOL PROPERTY TAX SAVINGS

Market Value of Property	Number of Mills Levied for School Operations 15	18	21	24	27	30	33	36
$10,000	$ 75	$ 90	$105	$120	$135	$150	$165	$180
14,000	105	126	147	168	189	210	231	252
18,000	135	162	189	216	243	270	297	324
22,000	165	198	231	264	297	330	363	396
26,000	195	234	273	312	351	390	429	468
30,000	225	270	315	360	405	450	495	540
34,000	255	306	357	408	459	510	561	612
38,000	285	342	399	456	513	570	627	684

TABLE III

RENTERS' TAX REFUND**

Monthly Rent	$60.00	$75.00	$80.00	$95.00	$100	$110	$120	$125 or more
Renters' Tax Refund	$43.20	$54.00	$57.60	$68.40	$72.00	$79.20	$86.40	$90.00

** Refund - Michigan Personal Income Tax

SECTION II

DISTRIBUTION OF SCHOOL STATE AID

The following papers are included within this section.

1. A Proposal for State Aid Distribution, by James L. Phelps and Thomas C. Jones. It discusses: (1) alternative models; (2) the Michigan model; (3) elements of the program; (4) developing the program; and (5) impact of the program.

2. "Impact of the Revenue Sharing Program on Local School Districts" Given are: (1) present data concerning schools; (2) the impact the program would have on staff adequacy ratios (number of professionals per 1,000 students); and (3) the impact the program would have on a dollar-per-pupil expenditures. (Only districts with 1,000 students or more are included.)

3. "Proposed State Aid Bill" This draft bill presents the changes needed in the school code to implement the proposals. The bill is annotated. Also, the current statutes are included in the appendix for comparison.

A PROPOSAL FOR STATE AID DISTRIBUTION

By James L. Phelps and Thomas C. Jones

Governor Milliken, during the early discussions of education reform, compared his frustration with Michigan's system of school finance with that of a fireman trying to fill a group of pans spread out over a football field with a fire hose. No matter how hard he tried, or how much water he used, he was unable to fill the pans with equal amounts. As a result, some pans were filled to overflowing while others were almost empty. In much the same way, our system finds some school districts spending in excess of $1,500 per pupil while others are spending less than $500. Increasingly, more people are urging a change from the fire hose system to a system which will get the job done more equitably.

Our involvement has taught us one inescapable lesson--merely spending more money within the same system is not the answer to the crisis in school finance. During the past five years, Michigan expenditures for elementary and secondary education have doubled, an increase of a billion dollars, and the disparities continue to grow. Even though schools' operating expenditures increased by thirteen percent over last year, over half of Michigan's school districts were forced to cut back on their programs by releasing staff members and increasing their class loads.

ALTERNATIVES

During the months of discussion which led up to these proposals, many alternatives were reviewed. The alternatives which satisfy the public and court demands for equity seem to fall into two basic categories: (1) an equal tax base model and (2) a full state funding model.

Equal Tax Base

The equal tax base model can be implemented by redrawing school district boundaries so that the property tax base within each district is about the same. This is analogous to the process used to satisfy the court mandate for "one man, one vote." However, a more realistic way of implementing this model is by a formula method which is being labeled "power equalizing." This model is thoroughly discussed in the

book, Private Wealth and Public Education.[1] The authors, Coons, Clune, and Sugarman, are probably better known for their involvement as attorneys in the California Supreme Court case, Serrano vs. Priest, regarding school finance. This model is merely an extension of what most state aid formulas attempt to do now--provide districts with low property tax bases additional state monies so that the total dollars available for each mill levied will be the same for all school districts. Under power equalizing, for example, if the poorest school district collects $5 per pupil for each mill it levied, the state would contribute an additional $25 to bring the total to $30 per pupil. If the wealthiest school district would collect $30 from its local tax base, it would not be entitled to any state aid. As required by Serrano, this system would remove the influence of the local district's wealth on the quality of the education program.

As a result, however, the revenue available to a local school district would depend on the willingness of taxpayers in the district to support their schools. Some observers believe that this approach would not produce equity of educational opportunity because the willingness to vote millage would become a function of the personal income wealth of the child's parents and neighbors. This model, they say, would only change the method of arriving at the inequity and not change the inequity itself.

Full State Funding

A second alternative to the present system is the full state funding model. In this approach, the revenue necessary to operate schools would be collected through a system of statewide taxes and distributed to local districts. The basic assumption of full state funding is that the quality of a child's education should not depend even on the willingness of his local community to tax itself to support education. While recognizing the necessity for decentralized decision-making for public schools, those who support the full state funding approach believe it is the responsibility of the state as a whole to provide the revenue to local districts which enables them to purchase the services and materials necessary to guarantee quality education to all children.

To make this model practical, however, a major dilemma must be overcome. If every district is raised to the level of the highest expenditure district, the total cost of the system would almost double, making the program unacceptable to taxpayers. If, on the other hand, the total cost remained the same and was reallocated, half of the districts would improve their program while the rest would be forced to cut back. This approach would be unacceptable to the more fortunate school districts.

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1. Coons, John E.; William H. Clune, III; and Stephen D. Sugarman: Private Wealth and Public Education. Cambridge, Massachusetts: Bellknapp Press of Harvard University, 1970.

Michigan Model

The Michigan program is a hybrid of the equal tax base model and the full state funding model. It is structured to provide a balance between the public policy desire to guarantee a quality education for all children in the state and the desire of local communities to go beyond the program provided by the state. The Governor's program would guarantee a high quality foundation program for all students through a system of statewide taxation. To permit local taxpayers to go beyond the statewide standard, the program also includes a power equalizing feature. With the approval of local voters, a local district could levy up to six mills which in combination with the state's share would produce the same number of dollars per pupil in each district.

ELEMENTS OF THE REVENUE SHARING PROGRAM

To meet the varying needs of local school districts, the revenue sharing program is divided into three basic components, each constructed to meet a different set of requirements. In summary, these components are:

The Foundation Program -- provides the revenue necessary for staff services and other operational costs. The foundation program is the key component in Governor Milliken's revenue sharing program. It provides the guarantee that every child will receive a quality education regardless of the willingness of local voters to vote school millages. It is within this foundation program that Michigan will make its greater departure from the classic approach to state aid distribution. The foundation program funds are tailored to reflect the difference in cost required for districts to provide comparable educational programs in different parts of the state and in individual districts.

The Categorical Grants Program -- allocates funds to local districts based on the unique needs of the student population. Funds would be allocated to reflect the added cost of vocational education, special education and compensatory education programs. Transportation costs would also be funded through the categorical grant program. These programs would be funded based on the number of students requiring these special services. Essentially these categorical grants would be refinements of existing programs. Because of space limitations, we will not attempt to discuss these programs. *

The Enrichment Program -- grants local districts the taxing authority to go beyond the foundation program if approved by the district voters. This feature, comparable to the "power equalizing model" explained previously, is limited to six mills. Each mill would yield $30 per student in every district or a total of $180 per student for the entire six mills.

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* Therefore, these programs are not covered in detail. If more information is required, this year's proposed state aid bill is included in the Appendix of this document (see chapters 4, 5, 6, 7, and 8).

DEVELOPING THE FOUNDATION PROGRAM

In developing the foundation program within the Governor's guidelines, it was necessary to deal with issues in three major areas. The first area concerned the definition of quality education. What is quality education? How can it be measured? What measure should be equalized? Will it improve student performance?

The second area concerned salaries. What are the current salary practices? What influence has collective bargaining had? What influence will collective bargaining have in the future? What realities have to be faced when allocating funds for salaries?

The third area involved assessing the impact of the program. How would it affect the schools? How many programs would be improved? What would it cost? Would some school districts be forced to cut back?

We will try to highlight some of the dilemmas we faced and the conclusions we reached.

What is Ouality Education?

With all that has been written and said about quality education, equality of educational opportunities, and the state's responsibility to "maintain and support a system of public elementary and secondary education,"[2] there have been no attempts in Michigan to provide an operational definition of the state's educational responsibility. If we are to make significant progress toward improving the quality and equality of educational opportunity, we must first describe an acceptable standard of quality education.

Our problem would have been less difficult if there were more conclusive research evidence concerning the impact of schools on student performance. The many studies showing the small relationship between expenditures, pupil-teacher ratios, and staff characteristics on one hand, and student achievement on the other, make any selection somewhat suspect. Even recognizing some shortcomings and limitations, we felt that the staff adequacy ratio--the number of professional staff per 1,000 students--was the best for several reasons.

--It is perceived as being related to the educational processes by the public and legislature.

--Among Michigan's educational community, there has been growing support for a shift to a classroom unit distribution system.

--Staff adequacy ratio allowed for a number of funding adjustments which would result in greater equity at a lower total cost.

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2. Michigan Constitution, Article 8, Section 6

--It would be a better variable than dollars per pupil to serve as a benchmark by which to assess our standing over a period of time.

--It would allow a separation of decisions among major elements. It seems desirable to have the decisions regarding wages and fringe benefits independent of the decisions regarding program emphasis and improvement.

--Student-staff ratio could be operationalized in a state aid formula. Unlike some other measures of educational quality, the staff adequacy ratio is manageable -- something that can be allocated or purchased. Also, data regarding staffing practices was readily available from the State Department of Education.

Paying for Professional Staff

Since the largest portion of the educational dollar goes to professional salaries, we took a great deal of time in reviewing salary practices within the state. We found out, for example, it takes approximately $13,000 to hire a teacher in the Detroit area and only about $9,000 to hire a teacher with a comparable degree and teaching experience in some other areas of the state. Without saying if this was right or wrong, we had to recognize this reality and plan accordingly.

Obviously, collective bargaining has had a marked influence on salary patterns throughout the state. The collective bargaining movement among Michigan teachers, which is one of the most developed and sophisticated in the nation, has evolved towards regional salary structures for teachers.

In the broadest outline, teacher salaries in Michigan can be grouped in three categories. The Detroit metropolitan area is the highest salary area of the state. The metropolitan areas of Michigan's mid-size cities make up the middle tier of salaries. The rural areas of Michigan make up the next range of salaries. As would be expected, there is a distinct and significant clustering of salaries in these broad areas.

Salaries show even more similarity when smaller geographic regions are analyzed. Within intermediate school districts, which are generally counties, salaries have converged significantly over the last three years. On the other hand, salaries between these regions are growing more divergent, with the rural regions falling further behind urban areas. The extent of regionalization of salary level reflects the diversity of the school districts within the region. Regions that were in large measure either rural or urban showed the greatest clustering of salary levels. As might be expected, those regions with an urban-rural split reflected the greatest divergence.

The trend toward regionalization is the most pronounced in the metropolitan area of Detroit where the Detroit Federation of Teachers' contract specifically defines the salary schedule in terms of prevailing settlements in the area. Recently, the Michigan Education Association has also gone on record favoring regional salary schedules for teachers. Even with the wide range of financial ability of local districts to pay, collective bargaining has moved and will continue to move toward regional salaries.

Another result of collective bargaining has been to solidify experience-training type salary schedules in Michigan. While theorists continue to advocate differential staffing or merit pay, the practice of compensating teachers based on their teaching experience and academic training is used in virtually all school districts. Within Michigan, the experience-training characteristics vary quite dramatically between districts in the state. And as one would expect, the cost of maintaining a comparable program varies significantly as a result of the experience-training characteristics of the district's staff. According to our data, a district with low staff experience and training would require only $10,000 per teacher while a district with average experience and training would require $11,400 and a district with high experience and training would require $13,000.

By adjusting salaries regionally and staff characteristics locally, we could achieve our definition of equity for about $200 million less than what it would cost if these variations had not been introduced.

Impact of the Program

After analyzing salary and other types of expenditure practices, we developed a computerized simulation model based on the following premises.

1. Recognizing regional differences in prevailing salary levels, all districts within a region should receive funds sufficient to pay the highest salary level within that region. This would establish salary equity within a region by formally recognizing the existing trend toward regional levels. While all districts within a region would receive comparable resources for professional salaries, a district would not be required to pay according to any particular salary scale. The salaries and fringe benefits of the individual district would still be determined through the process of collective bargaining. Thus, a local district would settle its contract within the constraints of the total resources available for professional services and the required minimum number of professional staff people that must be employed.

2. To reflect the variations in cost among individual districts that result from experience-training characteristics, the dollar resources provided to each local district should be adjusted to

reflect the experience-training characteristics of a local district's professional staff. The professional salary dollar would vary yearly based on the cost difference of maintaining the professional staff actually employed. Since the factor will be adjusted yearly to reflect the staff employed, every district would have the same opportunity to make staff selection based on anticipated performance not as a result of cost constraints.

3. Local districts should receive funds to cover the cost of fringe benefits, extra duty stipends, and substitute teachers.

4. As part of the yearly appropriations process, local district grants would be adjusted for cost of living and other private and public wage increases.

5. To provide funds for non-certified personnel, a local district should receive a grant based on a percentage of the allocation for professional services. Since the salary levels of clerical, custodial, and maintenance staff vary regionally as do professional salaries, the funds for non-professional services should vary in direct proportion to the professional service allocation. The data in Michigan indicated an allocation of twenty percent of the cost of professional services adequately covers these costs.

6. An allowance for non-salary costs should also be provided as part of the foundation program. The allocation for non-salary costs -- textbooks, heat, light, etc. -- which do not vary in cost regionally as do salaries, should be made on a dollar per pupil basis. Based on current standards, an allocation of $100 per pupil would provide funds sufficient to meet the non-salary costs of local districts.

These premises were translated into twelve variables within the simulation model, the most critical variable being the ratio of staff per 1,000 students. By plugging different values into the model, we could determine the impact a given change would have on each school district. The impact was assessed in terms of staffing and funding. In addition, we could determine the total cost of the model. Based on the results, we adjusted the parameters trying to optimize the following criteria:

--largest possible number of students whose program would be improved.

--smallest possible number of students who would fall outside the limits of the program and thus would require "grandfathering."

--the smallest increase of cost.

After analyzing the various combinations, the ratio was established at 47 professional staff members per 1,000 students. This is an increase

from the statewide average of 46 per 1,000. By establishing this level, sixty percent of the students in Michigan would experience an improvement in their program. This group plus another thirty-nine percent of the students could have their programs improved through the enrichment millage option. In total, ninety-nine percent of the students stand to benefit. On the other hand, only one percent of the state's students were left in the category of requiring "grandfathering." These students reside in school districts with such high expenditures that the only practical alternative was to continue their support. To put it another way, any school district in the state could reach the ninety-ninth percentile, in terms of the staff adequacy ratio, if it would levy the six mill maximum.

You can see from the table below the impact the program would have on some selected districts.

District	STAFF RATIO			$ PER PUPIL			Staff Experience and Training
	Now	Foundation	Enriched	Now	Foundation	Enriched	
River Rouge	60	47	66	1,251	921	1,251	1.14
Wayne	48	47	57	830	860	1,040	1.04
Detroit	38	47	57	656	890	1,070	1.09
Inkster	44	47	57	671	890	1,070	1.09
Tawas	40	47	59	519	738	918	1.01

--Detroit, Inkster, and Tawas schools would automatically improve. To maintain its program, Wayne would have to levy some of the enrichment millage. River Rouge would have to levy all of the enrichment millage.

--River Rouge would continue to be above the other districts in ratios and expenditures because of the "grandfather" provision.

--Since Wayne, Detroit, and Inkster are all in the same region, the difference in expenditures is due to the variation in staff experience-training characteristics.

--The difference of expenditures between Tawas and the other districts is due to (a) the difference in regional salaries, Tawas being in a low salary region, and (b) the low staff experience-training characteristics of Tawas.

--Tawas would be able to hire more staff under the enrichment option than the other districts because of the lower salaries paid in its region.

--Categorical grants for special education, vocational education, and compensatory education would be in addition to the figures presented.

In the first year of operation, we anticipate the cost to be about $210 million more than the cost during the previous year. This increase seems reasonable inasmuch as the normal yearly increase is estimated at $170 million. The benefit derived from spending another $40 million -- about $20 per student -- seems well worth the investment. No other program that we have reviewed offers this potential at this cost. Thus, we are confident when we say our program is feasible while it levels up, not averages down.

Critics have said, in response to Serrano, that equity is impossible without resulting in either mediocrity or exorbitant spending. We believe our program proves the critics wrong.

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What will happen if our "fire hose" system of school finance is replaced? With this new system, legislators and voters will be looking more closely at the educational system. The shift toward greater equity will cause the public to ask some hard questions. With these additional resources, what school problems are solved? Do children learn more? Are childrens' skills improved? Are children better prepared for the world of work? In essence, will "leveling up" make a difference to students?

Under Governor Milliken's program, the movement toward accountability will get a new impetus. With the state assuming the prime responsibility for providing school resources, it will be easier for the public to determine who should get the credit or who should get the blame for student performance. If the resources provided are insufficient, then the public will be asking hard questions of the Governor and the legislature. If the resources are provided with little or no improvement in student performance, then the public will be looking to school boards, administrators, and teachers for answers.

March, 1972

IMPACT OF THE REVENUE SHARING PROGRAM ON LOCAL SCHOOL DISTRICTS

The impact of the proposed revenue sharing program on local school districts is described in the attached material. Unlike past formulas which provided a given number of dollars per pupil, this proposal would provide a foundation program of 47 professionals per 1,000 students or a ratio of one professional per 21 students. This program level would be an improvement for sixty percent of the students in the state. The figures, based on 1970-71 data, make possible a meaningful comparison between the present and proposed method of school finance. While the basic ratio--47 professionals per 1,000 students--would remain the same over time, the dollar amount would have to be adjusted as cost-of-living data becomes available.

The chart compares the actual human and financial resources actually available to local school districts in 1970-71 with the proposed revenue sharing program as it would have worked in 1971-72. When data becomes available, a similar comparison can be made for 1972-73 and 1973-74.

The column labeled "1970-71" describes the system then in effect. The column labeled "foundation" shows the resources which would have been available under the proposed system to a district that did not choose to vote the enrichment millage permitted under the proposal. The column labeled "enriched" indicates the resources which would have been available to a district if the entire six-mill enrichment was voted.

TERMS USED IN THE CHART

Experience-Training (1970-71) - This is a measure of the professional staff's experience and training within the local district. A larger number indicates a more academically trained and more experienced staff.

Staff/Pupil Ratio - The number indicated is the number of certified professionals employed per 1,000 students. The "1970-71" column indicates the number of professionals actually employed. The "foundation" and "enrichment" columns refer to the number of professionals that would be employed under the options of the revenue sharing proposal.

Dollars/Pupil - This refers to the actual dollar resources that were available and would have been available to districts under the present and proposed system. In all cases, the figures exclude federal and state categorical grants.

Required Millage - The "1970-71" column indicates the property tax millage rate for the district. The "foundation" and "enriched" columns contrast the millage rate that would have been necessary under the existing funding system to reach the level assured under the revenue sharing program.

WAYNE COUNTY

District	Enrollment	Experience-Training	Staff/Pupil Ratio			Dollars/Pupil			Required Millage		
			1970-71	Foundation	Enriched	1970-71	Foundation	Enriched	1970-71	Foundation	Enriched
Detroit	289,382	1.09	38.30	47.00	56.94	$ 654	$ 890	$1,070	20.76	33.58	43.40
Allen Park	6,381	1.08	45.29	47.00	57.02	827	883	1,063	31.90	35.29	46.16
Cherry Hill	4,839	.99	44.84	47.00	57.70	673	830	1,010	24.90	40.32	57.99
Dearborn	21,003	1.16	57.52	47.00	60.61	1,114	929	1,187	25.90	21.60	27.60
Dearborn Heights	5,605	.98	43.89	47.00	57.75	688	826	1,006	27.90	44.73	66.68
Melvindale	5,548	1.08	47.76	47.00	57.00	813	885	1,065	26.40	29.53	37.42
Garden City	13,881	1.05	43.51	47.00	57.24	690	865	1,045	28.00	48.92	70.46
Grosse Pte.	13,286	1.15	53.67	47.00	56.80	1,062	923	1,107	31.30	26.76	32.76
Hamtramck	2,845	1.11	46.05	47.00	60.18	825	903	1,146	20.40	22.35	28.35
Highland Park	8,009	1.05	50.69	47.00	57.26	878	864	1,044	28.50	27.88	35.39
Inkster	4,389	1.09	43.75	47.00	56.96	672	888	1,068	25.90	52.51	74.62
Lincoln Park	11,571	1.17	33.70	47.00	56.42	686	936	1,116	23.90	39.82	51.29
Livonia	18,937	1.04	49.27	47.00	57.30	813	861	1,041	28.90	31.44	40.94
Plymouth	9,827	1.04	48.23	47.00	57.29	836	861	1,041	25.70	26.66	33.55
Redford Union	9,463	1.06	47.76	47.00	57.18	830	870	1,050	35.90	38.95	52.79
River Rouge	3,699	1.14	59.75	47.00	66.11	1,251	921	1,280	20.90	15.40	21.40
Romulus	5,847	1.01	45.84	47.00	57.50	824	845	1,025	26.90	27.80	35.71
South Redford	7,730	1.12	51.36	47.00	57.01	913	907	1,092	26.40	26.21	32.21
Taylor	20,807	1.08	41.81	47.00	57.05	764	881	1,061	31.90	41.82	57.10
Trenton	6,929	1.07	50.08	47.00	57.66	938	875	1,065	26.90	24.90	30.90
Wayne	23,604	1.04	48.00	47.00	57.30	831	860	1,040	35.89	38.13	51.91
Wyandotte	8,310	1.08	46.45	47.00	57.04	770	882	1,062	25.40	30.69	39.24
Flat Rock	2,159	1.04	48.17	47.00	57.32	689	859	1,039	25.90	41.08	57.22
Fairlane	1,154	1.05	48.53	47.00	59.74	893	868	1,092	23.70	23.01	29.01
N. Dearborn Hts.	2,689	.99	50.95	47.00	57.74	848	827	1,007	33.90	32.61	43.90
Crestwood	5,432	1.03	45.47	47.00	57.40	756	853	1,033	29.40	36.20	48.93
Ecorse	4,222	1.14	51.87	47.00	61.22	815	917	1,182	18.40	20.70	26.70
Gibralter	3,280	.96	42.99	47.00	57.97	716	811	991	23.15	27.82	36.70
Grosse Ile	2,449	1.06	51.04	47.00	57.13	960	874	1,054	34.80	30.61	39.32
Harper Woods	1,936	1.08	51.14	47.00	59.48	751	884	1,108	19.90	23.45	29.45
Huron	2,446	1.05	41.70	47.00	57.24	635	865	1,045	20.90	39.57	54.17
Northville	3,231	.99	50.45	47.00	57.67	824	832	1,012	26.65	27.03	34.80
Riverview	3,790	1.01	54.35	47.00	64.19	1,002	845	1,139	20.40	17.20	23.20
Southgate	9,317	1.05	43.25	47.00	57.26	747	864	1,044	28.90	37.26	50.19
Van Buren	7,334	.98	48.95	47.00	57.78	739	824	1,004	23.90	27.93	36.47

OAKLAND COUNTY

District	Enrollment	Experience-Training	Staff/Pupil Ratio			Dollars/Pupil			Required Millage		
			1970-71	Foundation	Enriched	1970-71	Foundation	Enriched	1970-71	Foundation	Enriched
Birmingham	16,904	1.12	55.08	47.00	56.50	$1,000	$ 930	$1,110	31.03	28.52	35.05
Ferndale	8,322	1.07	51.67	47.00	56.80	802	900	1,080	29.63	35.24	45.59
Pontiac	24,207	1.07	48.17	47.00	56.84	783	900	1,080	24.63	29.55	37.13
Royal Oak	18,869	1.05	47.86	47.00	56.99	790	887	1,067	27.88	33.02	42.63
Berkley	8,185	1.06	52.17	47.00	56.92	814	893	1,073	32.59	37.86	49.78
Southfield	16,297	1.01	56.57	47.00	57.75	864	864	1,052	24.63	24.62	30.62
Avondale	3,854	1.03	48.26	47.00	57.13	763	875	1,055	30.83	39.54	53.51
Bloomfield Hills	9,460	1.08	53.70	47.00	56.77	1,014	906	1,086	31.63	27.68	34.24
Clarenceville	3,837	1.00	51.34	47.00	57.34	810	859	1,039	31.90	35.02	46.53
Novi	1,809	.96	51.96	47.00	57.68	714	833	1,013	21.13	25.78	32.79
Oxford	2,988	1.01	39.16	47.00	57.27	654	864	1,044	22.04	36.29	48.47
Hazel Park	8,218	1.09	44.90	47.00	56.66	729	915	1,095	27.63	41.02	53.99
Madison Heights	4,646	1.00	49.29	47.00	57.34	742	859	1,039	31.63	43.04	60.64
Troy	6,469	1.01	51.48	47.00	57.48	825	863	1,046	23.63	24.87	30.87
West Bloomfield	4,966	1.00	48.33	47.00	57.34	811	859	1,039	29.06	31.63	41.29
Brandon	1,878	.93	40.47	47.00	57.88	667	819	999	23.43	35.34	49.46
Clarkston	6,622	1.00	38.21	47.00	57.37	638	857	1,037	21.31	41.63	58.34
Farmington	16,375	1.02	52.34	47.00	57.18	816	871	1,051	29.93	33.00	43.03
Holly	3,630	1.02	41.60	47.00	57.18	671	871	1,051	23.63	38.97	52.76
Huron Valley	7,357	.99	44.86	47.00	57.41	760	853	1,033	29.63	36.20	48.87
Lake Orion	5,544	.99	37.52	47.00	57.45	604	850	1,030	18.49	37.46	51.32
South Lyon	3,342	.96	50.87	47.00	57.62	745	838	1,018	26.13	31.35	41.51
Oak Park	5,530	1.16	71.61	47.00	58.33	1,179	957	1,179	31.57	25.57	31.57
Rochester	8,716	1.09	40.61	47.00	56.66	741	916	1,096	25.13	34.37	43.89
Clawson	5,164	.99	42.80	47.00	57.44	682	851	1,031	24.88	38.95	53.97
Lamphere	5,854	1.02	57.06	47.00	57.15	889	874	1,054	28.68	28.07	35.45
Walled Lake	10,630	1.03	47.60	47.00	57.14	772	875	1,055	28.23	34.28	44.89
Waterford	18,423	1.02	47.22	47.00	57.15	750	874	1,054	29.63	39.04	52.74

MACOMB COUNTY

District	Enrollment	Experience-Training	Staff/Pupil Ratio			Dollars/Pupil			Required Millage		
			1970-71	Foundation	Enriched	1970-71	Foundation	Enriched	1970-71	Foundation	Enriched
Centerline	6,435	1.04	48.48	47.00	57.60	$ 779	$ 837	$1,017	23.98	26.28	33.51
East Detroit	13,038	1.06	46.79	47.00	57.43	788	849	1,029	33.14	38.05	52.44
Roseville	14,514	1.07	45.54	47.00	57.35	691	855	1,035	25.58	39.18	54.06
Anchor Bay	3,036	1.00	40.18	47.00	57.88	544	816	996	13.44	35.97	50.87
Armada	1,491	.94	45.61	47.00	58.38	713	783	963	21.58	24.46	31.92
Clintondale	5,086	1.02	40.11	47.00	57.72	751	828	1,008	33.58	41.69	60.82
Chippewa Valley	2,889	.95	51.23	47.00	58.28	789	789	969	30.78	30.82	42.56
Fitzgerald	5,707	1.07	53.97	47.00	57.35	920	856	1,036	27.58	25.34	31.61
Fraser	7,664	.97	44.10	47.00	58.12	761	799	979	30.29	33.17	46.66
Lakeshore	9,600	1.02	42.08	47.00	57.74	703	826	1,006	28.58	41.78	61.11
Lakeview	7,857	1.01	51.93	47.00	57.84	757	819	996	31.58	36.95	52.53
Lanse Creuse	8,003	.98	45.61	47.00	58.08	803	802	982	32.03	31.95	44.00
Mount Clemens	6,647	1.06	49.65	47.00	57.38	811	853	1,033	32.08	34.79	46.40
New Haven	1,776	.96	38.29	47.00	58.25	618	791	971	19.58	32.57	46.08
Richmond	1,877	.98	44.75	47.00	58.07	743	803	983	26.96	30.62	41.62
Romeo	4,006	1.02	45.68	47.00	57.74	678	826	1,006	23.58	33.31	45.16
Southlake	5,341	1.06	47.56	47.00	57.39	712	853	1,033	22.56	29.20	37.70
Utica	21,624	.98	46.66	47.00	58.01	729	807	987	26.03	30.71	41.60
VanDyke	7,282	1.04	51.77	47.00	57.54	919	841	1,021	31.58	28.04	36.18
Warren	32,415	.98	49.64	47.00	58.05	771	805	985	26.58	28.36	37.78
Warren Woods	9,259	.94	47.31	47.00	58.42	684	780	960	25.58	34.42	51.05

THUMB AREA

District	Enrollment	Experience-Training	Staff/Pupil Ratio 1970-71	Staff/Pupil Ratio Foundation	Staff/Pupil Ratio Enriched	Dollars/Pupil 1970-71	Dollars/Pupil Foundation	Dollars/Pupil Enriched	Required Millage 1970-71	Required Millage Foundation	Required Millage Enriched
Port Huron	15,380	1.03	49.35	47.00	58.71	$ 700	$ 757	$ 937	25.50	29.62	42.56
Algonac	2,995	1.00	39.40	47.00	59.00	611	740	920	18.25	25.00	34.46
Capac	1,491	1.01	46.95	47.00	58.88	621	747	927	19.75	31.25	47.65
East China	4,503	1.07	46.64	47.00	64.24	755	774	1,045	16.70	17.12	23.12
Marysville	2,076	1.07	51.06	47.00	59.10	768	774	964	21.50	21.67	27.67
Memphis	1,104	.96	51.63	47.00	59.32	705	722	902	28.75	30.58	49.98
Yale	1,971	.97	48.20	47.00	59.29	656	723	903	22.75	28.43	43.61
Ubly	1,279	.93	43.78	47.00	60.68	548	651	831	14.25	22.12	35.83
Bad Axe	1,642	1.00	45.68	47.00	59.96	587	685	865	16.75	25.50	41.63
Elkton-Pigeon-Bayport	1,936	1.07	45.45	47.00	59.35	565	717	897	15.50	21.99	29.71
Harbor Beach	1,297	.97	47.80	47.00	60.28	556	670	850	15.10	19.98	27.72
Akron-Fairgrove	1,136	1.02	45.65	47.00	59.34	648	719	899	19.50	22.85	31.30
Caro	2,626	1.05	36.94	47.00	59.05	617	735	915	19.50	29.19	44.04
Cass City	1,982	1.00	39.86	47.00	59.51	574	710	890	16.00	26.96	41.50
Mayville	1,423	.95	43.57	47.00	59.97	582	686	866	15.50	26.83	46.49
Millington	2,201	.98	41.34	47.00	59.72	555	699	879	12.00	28.78	49.70
Reese	1,243	1.06	39.42	47.00	58.97	543	740	920	14.50	22.16	29.18
Sebewaing	1,391	1.07	49.60	47.00	58.88	605	745	925	16.95	22.53	29.69
Vassar	2,176	1.02	39.98	47.00	59.30	538	721	901	14.00	26.87	39.57
Brown City	1,268	.98	43.38	47.00	60.17	611	675	855	18.90	24.60	40.80
Croswell-Lexington	2,544	1.03	39.31	47.00	59.72	573	697	877	16.50	23.76	34.30
Deckerville	1,190	1.02	40.34	47.00	59.80	555	693	873	15.40	23.21	33.42
Marlette	1,906	1.02	43.55	47.00	59.77	609	694	874	18.90	25.50	39.48
Sandusky	1,809	1.00	39.25	47.00	60.00	580	683	863	16.90	24.28	37.22

GRAND RAPIDS AREA

District	Enrollment	Experience-Training	Staff/Pupil Ratio 1970-71	Staff/Pupil Ratio Foundation	Staff/Pupil Ratio Enriched	Dollars/Pupil 1970-71	Dollars/Pupil Foundation	Dollars/Pupil Enriched	Required Millage 1970-71	Required Millage Foundation	Required Millage Enriched
Grand Rapids	35,013	1.00	49.44	47.00	58.56	$ 744	$ 755	$ 935	24.10	24.62	33.14
Godwin Heights	3,424	1.09	51.40	47.00	58.83	871	800	993	24.60	22.41	28.41
Northview	3,532	1.02	46.15	47.00	58.59	686	765	945	26.00	33.57	50.79
Wyoming	7,838	1.03	51.67	47.00	58.50	763	771	951	28.90	29.42	40.96
Byron Center	1,623	.97	50.52	47.00	59.08	675	736	916	24.50	29.88	45.63
Caledonia	2,136	1.02	48.22	47.00	58.58	694	766	946	26.05	32.05	47.75
Cedar Springs	2,212	1.06	38.88	47.00	58.26	589	786	966	15.50	40.92	64.07
Comstock Park	2,083	1.07	44.17	47.00	58.21	694	790	970	28.00	38.86	59.26
East Grand Rapids	3,777	1.07	51.36	47.00	58.15	852	794	974	33.46	29.92	40.82
Forest Hills	4,291	1.01	46.84	47.00	58.71	680	758	938	23.00	27.74	38.61
Grandville	4,388	.99	46.24	47.00	58.84	654	750	930	22.10	28.69	41.01
Kelloggsville	2,607	1.02	48.71	47.00	58.55	748	768	948	27.10	28.30	39.14
Kenowa Hills	3,583	1.00	47.45	47.00	58.96	677	743	923	21.00	24.18	32.79
Kent City	1,471	.97	39.43	47.00	59.06	634	737	917	21.50	35.73	60.56
Kentwood	5,740	.99	46.17	47.00	58.82	717	752	932	23.97	25.80	35.40
Lowell	2,728	1.02	43.62	47.00	58.61	623	764	944	20.00	32.65	48.80
Rockford	3,958	1.03	43.20	47.00	58.50	699	771	951	26.00	31.69	45.96
Sparta	2,998	1.03	44.70	47.00	58.50	633	771	951	21.00	36.21	55.95
Carson City-Crystal	1,913	1.01	43.39	47.00	59.25	600	725	905	17.90	29.14	45.43
Montabella	1,698	1.06	41.81	47.00	58.86	610	746	926	18.90	27.34	38.46
Greenville	3,658	1.00	46.75	47.00	59.36	680	719	899	23.65	26.18	37.89
Lakeview	1,934	1.02	43.43	47.00	59.14	577	730	910	16.90	27.09	39.03
Central-Montcalm	2,027	1.05	43.41	47.00	58.96	602	741	921	17.90	31.53	49.16
Grand Haven	6,137	1.03	48.88	47.00	58.59	659	765	945	19.37	23.83	31.38
Holland	5,615	1.10	53.43	47.00	58.05	756	800	980	24.62	26.65	35.12
West Ottawa	4,168	1.06	48.22	47.00	58.33	721	781	961	27.27	31.76	45.16
Coopersville	2,400	1.02	45.00	47.00	58.71	655	757	937	23.37	34.35	53.63
Jenison	3,590	.93	45.13	47.00	59.56	612	709	889	18.97	27.82	44.22
Hudsonville	2,234	1.01	47.45	47.00	58.79	630	753	933	20.51	30.20	44.40
Spring Lake	2,461	1.05	47.54	47.00	58.44	691	774	954	25.77	32.96	48.40

GRAND RAPIDS AREA
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District	Enrollment	Experience-Training	Staff/Pupil Ratio			Dollars/Pupil			Required Millage		
			1970-71	Foundation	Enriched	1970-71	Foundation	Enriched	1970-71	Foundation	Enriched
Zeeland	2,487	1.03	45.44	47.00	58.64	$ 715	$ 762	$ 942	24.37	26.97	37.07
Ionia	4,503	1.01	31.76	47.00	59.25	610	724	904	18.45	31.94	53.30
Belding	2,702	1.02	38.12	47.00	59.21	606	727	907	18.45	28.94	44.51
Lakewood	3,125	1.03	42.24	47.00	59.11	595	732	912	17.45	29.79	46.00
Portland	2,061	.98	42.21	47.00	59.59	603	706	886	18.45	26.31	40.12
Muskegon	10,582	1.05	57.27	47.00	58.21	783	790	970	28.65	29.05	39.50
Muskegon Heights	4,115	1.04	48.85	47.00	58.24	730	788	968	28.90	33.83	48.92
Mona Shores	6,344	1.09	48.08	47.00	57.87	743	813	993	28.87	34.06	47.39
Oak Ridge	2,306	.93	46.40	47.00	59.21	623	730	910	19.90	42.89	81.71
Fruitport	4,264	1.01	45.97	47.00	58.57	635	767	947	21.90	43.62	73.20
Montague	1,948	1.01	46.20	47.00	58.52	628	770	950	19.90	28.54	39.45
Orchard View	3,744	1.06	43.54	47.00	58.11	636	797	977	21.30	38.49	57.66
Ravenna	1,516	1.04	44.20	47.00	58.24	653	788	968	23.90	42.01	66.04
Reeths Puffer	4,319	1.01	48.85	47.00	58.53	683	770	950	23.90	29.60	41.43
Whitehall	2,200	1.03	43.18	47.00	58.35	629	781	961	20.40	32.57	46.90

FLINT - SAGINAW AREA

District	Enrollment	Experience-Training	Staff/Pupil Ratio			Dollars/Pupil			Required Millage		
			1970-71	Foundation	Enriched	1970-71	Foundation	Enriched	1970-71	Foundation	Enriched
Flint	45,982	1.07	51.02	47.00	57.87	$ 790	$ 815	$ 995	26.78	28.01	36.89
Grand Blanc	8,064	.97	49.98	47.00	58.72	725	759	939	23.18	24.80	33.30
Mount Morris	3,754	.96	41.29	47.00	58.80	625	754	934	20.18	32.43	49.55
Goodrich	1,194	1.02	50.25	47.00	58.31	727	784	964	26.68	30.37	41.98
Bendle	2,286	1.00	46.81	47.00	58.45	664	775	955	24.18	35.63	54.19
Carman	8,881	1.06	40.76	47.00	57.98	565	806	986	15.18	23.51	29.72
Fenton	3,606	1.05	44.65	47.00	58.05	711	802	982	26.90	34.05	48.22
Kearsley	5,674	.99	41.42	47.00	58.57	578	768	948	16.18	32.13	47.21
Flushing	5,452	.96	39.99	47.00	58.82	610	753	933	18.93	30.43	44.96
Atherton	2,367	1.01	46.05	47.00	58.38	702	780	960	23.18	27.36	37.00
Davison	5,573	.98	41.27	47.00	58.64	584	763	943	16.43	32.66	48.94
Clio	5,284	.96	39.55	47.00	58.79	587	754	934	16.18	33.67	52.48
Swartz Creek	5,057	.99	43.90	47.00	58.53	643	770	950	19.18	25.04	33.32
Lake Fenton	1,998	.95	43.04	47.00	58.87	665	750	930	22.93	29.01	41.84
Westwood Heights	2,397	1.01	50.48	47.00	58.38	655	780	960	22.18	30.89	43.46
Bentley	2,563	1.03	42.92	47.00	58.23	606	790	970	18.18	37.12	55.64
Beecher	6,817	.98	48.56	47.00	58.61	695	765	945	25.93	31.84	46.88
Linden	2,122	.96	44.77	47.00	58.83	653	752	932	22.18	29.37	42.46
Montrose	2,122	.99	40.53	47.00	58.55	583	769	949	15.18	37.38	58.91
Lakeville	2,972	.96	43.41	47.00	58.80	652	754	934	23.08	34.09	53.50
Saginaw	23,154	1.05	50.44	47.00	57.99	722	806	986	23.80	28.09	37.31
Carrollton	2,205	.93	49.43	47.00	59.10	603	736	916	18.05	30.77	47.93
Saginaw Township	6,814	1.03	45.93	47.00	58.17	777	794	974	26.35	27.17	36.18
Buena Vista	3,525	1.02	46.52	47.00	59.43	681	786	984	18.55	21.74	27.74
Chesaning	3,560	.98	40.73	47.00	58.62	575	765	945	15.05	34.36	52.63
Birch Run	2,460	.96	37.80	47.00	58.82	581	753	933	14.05	38.33	63.81
Bridgeport	4,915	1.00	42.52	47.00	58.48	656	774	954	23.05	34.11	51.02
Frankenmuth	1,238	1.00	46.85	47.00	59.15	718	776	967	19.90	21.71	27.71
Freeland	1,598	1.03	45.68	47.00	58.21	624	791	971	20.05	32.14	45.17
Hemlock	1,732	.97	43.88	47.00	58.67	613	762	942	19.05	28.25	39.32

District	Enrollment	Experience-Training	Staff/Pupil Ratio			Dollars/Pupil			Required Millage		
			1970-71	Foundation	Enriched	1970-71	Foundation	Enriched	1970-71	Foundation	Enriched
Merrill	1,372	1.00	40.09	47.00	58.44	$ 643	$ 776	$ 956	21.85	34.40	51.37
St. Charles	1,708	.93	43.33	47.00	59.05	614	740	920	19.05	32.01	50.64
Swan Valley	1,925	.97	45.19	47.00	58.74	665	758	938	23.05	29.85	43.08
Midland	12,745	1.10	50.22	47.00	57.76	774	822	1,002	22.40	24.07	30.28
Bullock Creek	2,415	.91	48.03	47.00	59.35	623	722	902	20.00	27.77	41.94
Coleman	1,464	.94	48.50	47.00	59.06	687	738	918	28.30	34.96	58.44
Meridian	1,969	.99	47.23	47.00	58.65	712	763	943	30.30	36.15	57.04
Standish-Sterling	2,197	1.02	40.96	47.00	58.16	637	795	975	21.15	34.39	49.49
Bay City	17,129	1.09	40.87	47.00	57.63	665	832	1,012	22.15	32.30	43.23
Bangor	4,329	.98	36.96	47.00	58.50	596	773	953	18.00	28.73	39.69
Essexville-Hampton	2,188	1.06	48.45	47.00	64.72	635	814	1,107	13.00	16.66	22.66
Pinconning	3,296	.98	40.05	47.00	58.54	615	770	950	19.00	37.11	58.09
Byron	1,119	.95	39.32	47.00	59.32	626	723	903	20.20	28.49	43.92
Durand	3,257	.96	45.13	47.00	59.27	650	725	905	22.90	31.02	50.55
Laingsburg	1,070	.91	43.93	47.00	59.70	649	702	882	23.20	29.83	52.35
New Lothrop	1,105	.96	45.25	47.00	59.26	624	725	905	20.05	29.17	45.36
Perry	1,950	.93	43.08	47.00	59.57	608	709	889	18.20	30.22	51.68
Corunna	2,749	1.01	40.01	47.00	58.82	610	751	931	19.00	29.31	42.47
Owosso	6,540	1.01	41.44	47.00	58.83	615	750	930	19.40	29.05	41.92
Lapeer	6,323	.98	40.17	47.00	58.72	611	758	938	19.08	30.22	43.89
Almont	1,206	.98	40.63	47.00	58.76	611	756	936	19.08	29.72	42.97
Imlay City	2,246	1.02	43.19	47.00	58.41	636	777	957	21.08	32.96	48.11
North Branch	2,095	.94	42.48	47.00	59.09	588	736	916	16.08	32.62	52.74

KALAMAZOO - BENTON HARBOR AREA

District	Enrollment	Experience-Training	Staff/Pupil Ratio			Dollars/Pupil			Required Millage		
			1970-71	Foundation	Enriched	1970-71	Foundation	Enriched	1970-71	Foundation	Enriched
Kalamazoo	18,054	1.09	55.89	47.00	58.20	$ 910	$ 789	$ 969	29.50	24.57	31.92
Comstock	3,545	1.04	54.16	47.00	59.04	841	762	949	24.00	21.46	27.46
Galesburg-Augusta	1,570	1.06	49.68	47.00	58.44	682	774	954	24.50	31.55	45.37
Gull Lake	3,028	1.02	51.52	47.00	58.82	763	751	931	29.00	28.24	39.90
Parchment	2,574	1.01	52.84	47.00	58.92	791	745	925	30.10	27.24	38.36
Portage	10,934	1.06	50.94	47.00	58.45	745	773	953	26.50	28.12	38.58
Vicksburg	2,958	1.05	45.64	47.00	58.54	681	768	948	25.00	32.56	48.25
South Haven	3,561	1.01	42.40	47.00	59.24	592	725	905	17.68	27.51	40.81
Bangor	2,030	.99	43.84	47.00	59.46	630	713	893	20.68	29.55	48.74
Hartford	1,731	.99	41.59	47.00	59.48	631	712	892	20.68	27.61	43.15
Decatur	1,435	1.00	43.21	47.00	59.36	625	719	899	20.18	30.56	50.56
Bloomingdale	1,465	.94	42.32	47.00	59.97	638	687	867	21.68	27.40	48.49
Mattawan	1,590	.99	47.80	47.00	59.48	637	712	892	21.50	29.87	49.93
PawPaw	2,193	1.01	43.32	47.00	59.26	676	724	904	24.18	28.00	42.36
Coldwater	4,626	1.00	44.31	47.00	59.41	594	716	896	18.00	25.74	37.16
Bronson	1,820	1.02	44.51	47.00	59.19	598	728	908	18.00	28.11	42.11
Quincy	1,651	.94	43.61	47.00	59.94	585	688	868	16.50	25.84	42.11
Benton Harbor	11,659	1.05	50.18	47.00	58.46	770	773	953	30.05	30.24	42.55
St. Joseph	4,409	1.08	56.48	47.00	58.17	777	792	972	23.70	24.28	31.35
Lakeshore	3,635	1.01	47.04	47.00	58.81	656	751	931	21.70	27.58	38.65
River Valley	2,313	1.05	47.56	47.00	58.48	645	772	952	20.50	27.71	37.92
Brandywine	2,677	.97	50.06	47.00	59.13	677	733	913	25.70	30.48	42.50
Niles	6,660	1.05	48.95	47.00	58.45	759	774	954	29.20	30.20	42.42
Buchanan	2,486	1.03	48.67	47.00	58.58	731	766	946	25.05	26.94	36.85
Watervliet	1,675	.95	47.76	47.00	59.32	685	722	902	24.70	27.51	41.19
Coloma	3,051	.96	44.90	47.00	59.19	660	729	909	22.70	27.80	41.07
Cassopolis	2,003	.96	44.93	47.00	60.49	689	660	840	24.00	22.15	33.53
Dowagiac	4,267	1.02	44.76	47.00	59.86	663	690	870	23.00	25.11	38.95
Edwardsburg	2,194	1.02	46.95	47.00	59.87	635	689	869	21.00	25.67	41.20
Albion	3,696	1.03	45.51	47.00	58.57	737	766	946	25.85	27.55	37.90

KALAMAZOO - BENTON HARBOR AREA
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District	Enrollment	Experience-Training	Staff/Pupil Ratio			Dollars/Pupil			Required Millage		
			1970-71	Foundation	Enriched	1970-71	Foundation	Enriched	1970-71	Foundation	Enriched
Battle Creek	10,655	1.03	53.21	47.00	58.54	$ 818	$ 768	$ 948	28.00	25.61	34.39
Harper Creek	3,356	1.02	49.17	47.00	58.65	714	761	941	28.75	33.31	50.67
Lakeview	5,469	1.05	49.73	47.00	58.37	743	779	959	28.85	31.52	44.87
Marshall	3,353	1.02	48.31	47.00	58.60	693	765	945	24.85	29.91	42.53
Pennfield	2,410	.99	43.98	47.00	58.89	666	747	927	24.35	32.76	51.35
Union City	1,675	.96	47.16	47.00	59.15	615	732	912	19.00	32.82	54.09
Sturgis	3,553	1.13	44.75	47.00	58.76	646	751	931	20.62	26.70	37.05
Constantine	1,612	.99	45.91	47.00	59.97	646	685	865	21.82	25.01	39.63
White Pigeon	1,411	1.03	43.94	47.00	59.54	637	707	887	19.32	22.80	31.78
Three Rivers	3,435	.99	48.62	47.00	59.95	619	686	866	18.82	22.48	32.30
Plainwell	2,941	.99	49.98	47.00	59.53	637	709	889	21.09	26.70	40.78
Otsego	2,940	.98	43.20	47.00	59.61	580	705	885	16.59	26.39	40.56
Allegan	3,225	1.01	48.37	47.00	59.35	587	719	899	17.09	27.64	42.09
Wayland	2,248	.97	43.59	47.00	59.75	623	697	877	20.00	27.00	44.05
Fennville	1,773	.98	46.81	47.00	59.69	579	701	881	15.59	27.59	45.30
Hopkins	1,246	.96	39.33	47.00	59.85	604	692	872	18.09	26.77	94.44
Hamilton	1,866	1.02	48.77	47.00	59.26	677	723	903	21.09	23.35	32.08

ANN ARBOR - JACKSON AREA

District	Enrollment	Experience-Training	Staff/Pupil Ratio			Dollars/Pupil			Required Millage		
			1970-71	Foundation	Enriched	1970-71	Foundation	Enriched	1970-71	Foundation	Enriched
Adrian	6,175	1.05	58.30	47.00	58.41	$ 707	$ 776	$ 956	25.00	29.35	40.59
Addison	1,493	1.02	42.87	47.00	58.72	609	757	937	18.70	27.63	38.48
Blissfield	2,034	1.03	45.72	47.00	58.58	652	766	946	20.50	26.55	36.16
Hudson	1,653	1.04	47.19	47.00	58.53	629	769	949	20.50	34.48	52.41
Onsted	1,524	1.02	41.99	47.00	58.72	580	757	937	16.50	30.80	45.38
Tecumseh	3,630	1.06	42.98	47.00	58.37	662	779	959	22.50	30.13	41.88
Monroe	9,493	1.06	44.77	47.00	58.45	743	774	954	24.53	26.06	35.00
Airport	2,988	.97	36.81	47.00	59.21	595	728	908	17.70	28.33	42.69
Bedford	6,442	1.02	41.91	47.00	58.77	699	753	933	28.32	34.19	54.32
Dundee	1,967	.99	46.77	47.00	59.06	575	736	916	16.70	26.56	37.55
Ida	1,939	1.00	47.45	47.00	58.97	611	742	922	18.70	31.94	50.08
Jefferson	2,886	1.01	42.62	47.00	58.89	607	746	926	18.70	27.34	38.46
Mason	2,104	1.01	44.20	47.00	58.87	628	748	928	18.70	24.35	33.12
Ann Arbor	20,150	1.12	61.04	47.00	57.56	1,066	836	1,016*	32.55	24.59	30.82
Ypsilanti	7,936	1.03	55.44	47.00	58.29	696	785	965	22.22	26.83	35.55
Chelsea	2,566	1.00	47.54	47.00	58.52	699	771	951	22.20	25.70	34.48
Dexter	2,085	1.01	52.28	47.00	58.44	732	776	956	23.20	25.23	33.47
Lincoln	2,388	1.03	53.18	47.00	58.26	657	788	968	18.72	23.60	30.13
Milan	2,868	.99	46.03	47.00	58.59	573	767	947	16.53	29.92	42.40
Saline	2,652	.98	53.17	47.00	58.71	665	759	939	18.75	22.06	28.40
Willow Run	4,509	.99	55.00	47.00	58.59	762	766	946	28.72	29.00	40.46
Western	2,310	.99	44.59	47.00	58.27	708	788	968	25.75	31.19	43.42
Vandercook Lake	1,547	.99	46.54	47.00	58.30	626	786	966	20.25	40.11	62.40
Columbia	2,059	.99	48.57	47.00	58.27	644	788	968	20.50	28.78	39.11
East Jackson	1,981	1.05	48.46	47.00	57.77	675	823	1,003	24.75	38.20	54.64
Michigan Center	2,106	1.06	41.79	47.00	57.73	705	825	1,005	23.75	30.43	40.46
Napoleon	1,803	.99	44.37	47.00	58.29	578	787	967	15.75	35.33	52.23
Northwest	4,067	.97	44.01	47.00	58.27	620	775	955	19.75	32.21	46.71
Jackson Union	14,557	1.11	45.89	47.00	57.35	863	854	1,034	31.60	31.09	40.60
Hillsdale	2,924	1.08	47.20	47.00	58.92	643	743	923	21.45	28.67	41.77
Jonesville	1,276	.97	47.02	47.00	59.93	676	688	868	24.45	25.42	40.59
Reading	1,149	.98	45.26	47.00	59.79	663	695	875	23.95	27.06	44.92

* Under the "Grandfather" provision, Ann Arbor would be guaranteed $1,066 per pupil

LANSING AREA

District	Enrollment	Experience-Training	Staff/Pupil Ratio			Dollars/Pupil			Required Millage		
			1970-71	Foundation	Enriched	1970-71	Foundation	Enriched	1970-71	Foundation	Enriched
East Lansing	5,161	1.08	61.03	47.00	57.76	$ 953	$ 823	$1,003	31.25	25.94	33.30
Lansing	33,506	1.08	49.69	47.00	57.75	766	823	1,003	25.65	28.50	37.41
Haslett	2,067	.97	49.35	47.00	58.62	723	765	945	29.40	33.31	50.23
Holt	4,326	.98	45.54	47.00	58.50	697	773	953	27.15	34.51	52.00
Leslie	1,621	.97	48.74	47.00	58.59	669	767	947	24.65	34.59	52.86
Mason	3,557	.99	46.11	47.00	58.47	674	774	954	24.15	32.39	47.17
Okemos	3,318	1.04	56.66	47.00	58.06	949	801	981	35.35	27.83	37.02
Stockbridge	2,032	.99	44.29	47.00	58.46	642	775	955	21.65	33.46	49.45
Waverly	4,818	1.05	50.85	47.00	58.02	862	808	989	25.00	23.20	29.20
Williamston	1,762	.97	50.51	47.00	58.66	717	763	943	26.84	30.13	43.23
Brighton	3,591	.97	44.83	47.00	59.85	640	692	872	21.00	24.29	35.75
Fowlerville	1,874	.98	45.36	47.00	59.77	712	696	876	27.00	25.71	39.90
Hartland	1,884	.97	47.77	47.00	59.87	696	691	871	23.50	23.22	33.56
Howell	5,002	1.00	45.78	47.00	59.59	651	705	885	21.00	24.16	34.62
Pinckney	2,488	.98	45.42	47.00	59.72	703	699	879	25.00	24.74	36.22
Delton-Kellogg	2,296	.97	43.99	47.00	59.71	610	700	880	18.70	27.16	44.09
Hastings	4,011	1.06	46.12	47.00	58.86	712	746	926	26.20	28.58	41.17
Thornapple-Kellogg	2,021	1.00	45.03	47.00	59.43	652	714	894	22.50	27.87	43.48
Bellevue	1,440	.95	44.44	47.00	59.57	648	708	888	23.30	31.16	54.99
Charlotte	3,820	1.05	37.43	47.00	58.71	586	756	936	17.30	29.67	42.76
Eaton Rapids	3,487	.97	42.73	47.00	59.38	617	718	898	19.30	29.91	48.77
Grand Ledge	5,445	.94	45.73	47.00	59.66	640	703	883	21.30	26.46	41.06
Maple Valley	1,905	.96	44.62	47.00	59.46	592	714	894	16.00	31.43	54.25
Dewitt	1,667	.91	46.79	47.00	60.28	705	672	852	29.00	25.33	45.18
Bath	1,472	.95	46.88	47.00	59.81	666	695	875	26.00	30.02	55.37
Ovid-Elsie	2,490	.99	46.59	47.00	59.48	661	712	892	23.25	27.67	43.28
St. Johns	4,168	1.00	44.87	47.00	59.40	655	716	896	22.50	27.40	41.77

MID - MICHIGAN AREA

District	Enrollment	Experience-Training	Staff/Pupil Ratio			Dollars/Pupil			Required Millage		
			1970-71	Foundation	Enriched	1970-71	Foundation	Enriched	1970-71	Foundation	Enriched
Baldwin	971	.96	54.58	47.00	61.65	532	607	787	14.05	16.61	22.74
Mason Co. Central	1,770	1.01	42.94	47.00	59.28	653	723	903	22.86	29.64	47.14
Ludington	3,510	1.05	47.01	47.00	58.92	661	743	923	20.86	25.17	34.63
Fremont	2,778	1.02	47.88	47.00	59.29	638	722	902	21.00	26.91	39.55
Grant	1,774	.95	42.28	47.00	60.00	588	685	865	15.00	28.57	53.77
Hesperia	1,129	.95	50.49	47.00	59.99	608	685	865	17.50	29.74	58.23
Newaygo	1,266	1.02	41.07	47.00	59.32	612	720	900	18.50	24.43	34.33
White Cloud	1,239	.96	43.58	47.00	59.84	623	693	873	20.00	27.58	47.29
Hart	1,366	1.02	46.12	47.00	59.58	604	706	886	17.50	30.72	54.24
Shelby	1,414	1.02	41.73	47.00	59.57	595	706	886	16.00	31.55	56.74
Big Rapids	2,450	1.07	43.67	47.00	58.91	663	743	923	23.00	28.99	42.51
Chippewa Hills	2,377	1.02	45.01	47.00	59.39	595	716	896	18.00	25.51	36.69
Morley-Stanwood	1,268	.98	41.80	47.00	59.74	577	698	878	17.00	24.80	36.47
Evart	1,237	1.00	46.89	47.00	59.56	626	707	887	20.20	25.56	37.57
Pine River Area	1,146	.98	46.25	47.00	59.74	664	698	878	24.00	27.38	45.31
Reed City	2,039	1.02	40.22	47.00	59.34	584	719	899	17.00	24.58	34.71
Clare	1,937	1.05	42.85	47.00	59.20	681	726	906	24.50	27.96	41.95
Farwell	1,375	.98	40.73	47.00	59.80	604	694	874	17.00	20.68	28.03
Harrison	1,724	.97	44.66	47.00	59.88	590	690	870	17.00	22.02	31.07
Beaverton	1,499	.97	42.03	47.00	59.52	634	710	890	20.75	26.42	39.76
Gladwin	1,896	1.02	43.78	47.00	59.01	601	738	918	18.25	28.80	42.60
Alma	3,378	1.01	51.51	47.00	59.25	681	725	905	24.10	27.18	39.97
Breckenridge	1,579	1.00	41.80	47.00	59.30	551	722	902	14.35	27.61	41.55
Fulton	1,266	1.00	45.02	47.00	59.30	592	722	902	17.35	28.37	43.69
Ithaca	1,929	1.03	46.14	47.00	59.00	598	739	919	18.35	27.59	39.47
St. Louis	2,138	1.07	42.56	47.00	58.73	574	755	935	16.00	30.51	44.93
Mt. Pleasant	4,804	1.08	54.12	47.00	58.61	715	762	942	26.00	29.11	40.94
Shepherd	1,913	.98	44.96	47.00	59.52	615	710	890	19.00	30.07	50.97
Midland	12,745	1.10	50.22	47.00	57.76	774	822	1,002	22.40	24.07	30.28
Bullock Creek	2,415	.91	48.03	47.00	59.35	623	722	902	20.00	27.77	41.94
Coleman	1,464	.94	48.50	47.00	59.06	687	738	918	28.30	34.96	58.44
Meridian	1,969	.99	47.23	47.00	58.65	712	763	943	30.30	36.15	57.04

District	Enrollment	Experience-Training	Staff/Pupil Ratio			Dollars/Pupil			Required Millage		
			1970-71	Foundation	Enriched	1970-71	Foundation	Enriched	1970-71	Foundation	Enriched
Cheboygan	3,003	1.01	44.62	47.00	59.42	$ 610	$ 714	$ 894	19.00	26.86	40.45
Gaylord	2,044	1.05	38.16	47.00	59.10	614	732	912	18.00	23.61	32.19
Onaway	1,345	1.00	43.87	47.00	59.56	539	707	887	14.30	25.65	37.81
Rogers Union	1,514	1.07	46.90	47.00	58.94	678	741	921	22.80	26.57	37.29
Alcona	1,315	1.00	46.39	47.00	59.10	598	734	914	16.80	22.46	29.95
Alpena	9,035	1.04	43.39	47.00	58.75	754	754	934	27.33	27.35	30.09
Oscoda	4,618	1.01	46.12	47.00	59.00	530	739	919	12.00	29.90	45.27
Tawas	2,027	1.01	39.96	47.00	59.02	519	738	918	13.50	23.44	31.62
Whittemore-Prescott	1,161	1.02	37.90	47.00	58.93	555	744	924	15.50	26.93	37.85
Crawford-AuSable	1,838	1.00	39.17	47.00	59.68	543	700	880	14.75	23.81	34.22
W.Branch-Rose City	2,413	1.02	43.51	47.00	59.51	664	709	889	20.40	22.58	31.22
Gerrish-Higgins	1,196	1.06	42.64	47.00	60.01	559	728	921	14.90	20.16	26.16
Houghton Lake	1,433	1.02	43.27	47.00	62.38	600	708	928	15.90	18.81	24.81
Twin Valley	2,720	1.04	40.81	47.00	59.46	639	711	891	21.10	26.08	38.51
Charlevoix	1,568	1.04	51.66	47.00	59.45	775	712	892	22.79	20.51	26.98
Petoskey	2,907	1.06	47.13	47.00	59.26	635	722	902	19.00	23.20	31.84
Elk Rapids	1,035	1.00	48.31	47.00	60.52	531	680	867	14.03	18.82	24.82
Mancelona	1,004	1.07	43.82	47.00	59.43	646	712	892	21.53	25.98	38.10
Benzie Co. Central	1,682	1.03	41.62	47.00	59.78	590	694	874	17.33	23.11	33.16
Traverse City	8,527	1.05	45.74	47.00	59.62	662	702	882	21.03	23.20	32.86
Kalakaska	1,351	1.04	41.45	47.00	59.72	630	697	877	20.43	24.82	36.61
Manistee	2,583	1.06	46.07	47.00	59.30	634	720	900	18.65	22.50	30.58
Lake City	936	.97	44.87	47.00	59.64	538	703	883	14.40	23.75	33.91
Cadillac	4,098	1.06	37.82	47.00	58.85	617	747	927	19.50	29.53	43.42

UPPER PENINSULA

District	Enrollment	Experience-Training	Staff/Pupil Ratio			Dollars/Pupil			Required Millage		
			1970-71	Foundation	Enriched	1970-71	Foundation	Enriched	1970-71	Foundation	Enriched
Ironwood	2,417	1.14	45.92	47.00	59.05	713	733	913	29.72	31.87	51.40
Wakefield	803	1.15	49.81	47.00	58.93	722	740	920	29.00	30.61	47.04
Ewen-Trout Creek	856	1.02	54.91	47.00	60.03	667	681	861	26.28	28.35	54.59
Ontonagon	1,570	1.03	45.86	47.00	59.97	682	684	864	25.28	25.40	41.52
Iron Mountain	1,814	1.08	49.61	47.00	58.44	671	773	953	23.50	31.10	44.41
Norway-Vulcan	1,000	1.15	47.00	47.00	57.90	699	810	990	26.90	36.98	53.40
Breitung	2,618	1.01	42.78	47.00	59.02	668	738	918	24.50	31.72	50.07
Forest Park	1,056	1.12	54.92	47.00	58.11	699	795	975	21.50	25.79	33.81
West Iron County	2,347	1.09	47.72	47.00	58.35	693	779	959	25.00	31.14	44.01
Munising	1,699	1.04	40.61	47.00	58.61	594	763	943	17.10	33.78	51.55
Gwinn	3,857	1.07	46.67	47.00	58.38	600	778	958	12.00	72.38	133.52
Negaunee	2,025	1.15	45.93	47.00	57.79	597	818	998	17.25	40.43	59.35
Marquette	5,044	1.04	44.81	47.00	58.61	649	763	943	22.00	30.91	44.96
Ishpeming	2,224	1.11	49.91	47.00	58.10	632	796	976	20.85	37.66	56.07
Escanaba	4,914	1.09	43.35	47.00	58.54	672	766	946	23.10	29.21	40.83
Gladstone	2,187	1.02	42.52	47.00	59.15	589	730	910	15.20	34.72	59.53
Manistique	1,981	1.03	40.38	47.00	59.11	569	732	912	16.30	27.38	39.61
Menominee	3,179	1.07	46.24	47.00	59.50	708	708	888	26.39	26.39	39.96
Stephenson	1,378	1.00	45.72	47.00	60.12	559	677	857	14.00	24.98	41.80
L'Anse	1,144	1.12	45.45	47.00	58.51	643	768	948	21.61	32.07	47.15
Hancock	1,307	1.03	45.91	47.00	59.75	660	697	877	26.16	32.35	62.56
Calumet	1,891	1.03	42.31	47.00	59.26	563	723	903	12.12	32.93	56.24
Portage	1,281	1.00	42.15	47.00	59.49	620	711	891	19.66	27.87	44.05
Sault Ste. Marie	4,648	1.01	48.41	47.00	58.62	652	764	944	22.50	32.46	48.44
Rudyard	2,555	.98	55.97	47.00	58.92	606	746	926	12.00	76.92	159.66
Tahquamenon	1,869	1.05	41.20	47.00	58.29	583	784	964	16.40	34.16	50.01
St. Ignace	864	1.02	48.61	47.00	58.53	619	769	949	19.50	35.40	54.39

PROPOSED STATE AID BILL

A bill to make appropriations providing state aid for public schools; and to repeal certain acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Section 1 - Purpose

This act shall be known and may be cited as the "equal quality state aid for public schools act." The purpose of this act shall be to provide equal educational opportunity for all students enrolled in elementary or secondary public schools. Equal educational opportunity shall mean equal educational programs per pupil. This act shall provide for expenditures for elementary and secondary public education, including expenditures for administration, instruction, attendance and health services, textbooks, clerical costs, educational equipment and aids, research and development costs, pupil transportation services, operation and maintenance of plant, professional and non-professional salary costs, in-service professional training costs, other non-salary costs, and other costs as may arise.

Section 3 - Definitions

1. "Professional staff member" means a certified member of the education profession or other professional certified staff member as determined by the department.
2. "Substitute teacher" means a person who serves in lieu of a professional staff member.
3. "Non-professional staff member" means a non-certified employee of a local school district.
4. "Local school district" means a primary school district, a school district of the fourth class, third class, second class, or first class, or a special act school district.
5. "Intermediate school district" means the unit of school government created and established under that chapter of the school code dealing with intermediate school districts or the successor units.
6. "Intermediate superintendent" means the superintendent of an intermediate school district.
7. "Constituent school district" means a local school district whose territory is entirely within and is an integral part of an intermediate school district.
8. "Region" means all the local school districts within an intermediate school district.
9. "Department" means the state department of education.
10. "Rules of the department" means rules of the department of education promulgated in accordance with and subject to Act No. 306 of the Public Acts of 1969, as amended, being sections 24.201 to 24.315 of the Compiled Laws of 1948.

11. "Extra stipends" are those funds paid to professional staff members for work performed in addition to regular classroom responsibilities.
12. "Non-salary cost" means expenditures for textbooks and student supplies, educational equipment and aids, operating and maintenance supplies, fixed charges, and other non-salary costs as may arise in accordance with the intent of this act.
13. "Classroom unit" means one professional staff member per one thousand (1,000) pupils.
14. "Non-professional salary allowance" means the funds allocated under this act to each local district to compensate non-certified employees for their services.
15. "Non-salary cost allowance" means the funds allocated under this act to local districts to provide for payment of non-salary expenditures.
16. "Professional salary allowance" means the funds allocated under this act to each local district to compensate professional staff members for their services.
17. "Regional salary level" means the dollar amount used in this act to determine the professional salary allowance for local districts within a given region.
18. "Experience-training factor" means an index which reflects the experience and training characteristics of each district's professional staff.
19. "Enrichment program" means any educational program approved by the board of a local school district for broadening the education opportunities afforded to pupils of the school district beyond the education program provided by this act. The programs may include, but are not limited to, broader curriculum, programs for under-achieving pupils,

19. (continued)

programs for gifted children, programs for research and development purposes, programs involving technological innovations and programs to make fuller and more complete use of school facilities. It does not include programs which increase the salary levels of any professional or other personnel employed by a local school district.

20. "Enrichment program account" means a separate account maintained by a local school district into which funds received from local taxes and from the school district millage equalization fund of the state shall be kept and accounted for.

Section 4 - Membership

A. As used in this act a "pupil" is defined as a child in membership in a public school, and school children are defined as children in membership in any school.

Children in vocational education, special education, and compensatory education programs shall be counted in membership for the time that such pupils are under the administrative jurisdiction of the local school districts.

All pupils to be counted in membership shall be at least 4 years of age on December 1 and under 20 years of age on September 1 of the school year except that all pupils regularly enrolled and working toward a high school diploma may be counted in membership regardless of age. Any former member of the armed services in attendance in the high schools shall be counted in membership regardless of age.

B. "Full-time membership" shall be construed as all membership in first grade to twelfth grade for those actually enrolled in regular daily attendance on the fourth Friday following Labor Day of each year. The superintendent of public instruction shall give a uniform interpretation of such full-time memberships.

"Half-time membership" shall be construed as all membership in pre-kindergarten and kindergarten for those actually enrolled in regular daily attendance on the fourth Friday following Labor Day of each year. The superintendent of public instruction shall give a uniform interpretation of half-time memberships.

Comment: Section 4

1. The effect of the provision is to provide the pre-kindergarten program at no new cost to the state.
2. Under the present law, no provision is made for the pre-kindergarten program and kindergarten pupils are counted as full-time. Under this act, the pre-kindergarten and kindergarten students are counted as half-time membership making it possible to provide the pre-kindergarten program at no new cost.

Section 5 - Appropriation

There is appropriated from the school aid fund established by section 11 of article 9 of the constitution for the fiscal year ending June 30, 1972, and for each fiscal year thereafter, the sum necessary to fulfill the requirements of this act, with any deficiency to be appropriated from the general fund by the legislature.

GENERAL COMMENTS

There are provisions within this bill to fund five functional categories of school expenditures. They are: 1) Professional Salary Allowance; 2) Non-professional Salary Allowance; 3) Non-salary allowance; 4) Transportation; and 5) Enrichment Programs. The purposes of these categories are defined in section 3. In the sections to follow, each category is discussed in detail.

Costs may only be estimated because the present accounting system does not report expenditures in a similar manner. Figures from the present accounting system were interpolated to determine the estimates below. The estimates for the model were projected based on data provided by the State Department of Education.

ESTIMATED EXPENDITURES

(Millions of Dollars)

	70-71	Current 71-72*	Model 71-72*	Difference Between Current and Model for 1971-72
Professional Salary Allowance	1,214	1,338[1]	1,330[2]	-8
Non-Professional Salary Allowance	215	236	242	+6
Non-Salary Cost Allowance	215	236	221[3]	-15
Transportation	60	65	70	+5
TOTAL EXPENDITURES	1,704	1,875	1,863	-12
Optional Enrichment Program				
Local Funding	N/A	N/A	100[4]	+100
State Funding	N/A	N/A	50	+ 50
TOTAL EXPENDITURES INCLUDING ENRICHMENT PROGRAM	N/A	N/A	2,013	+138

* Assumes an enrollment increase of 32,000 over 1970-71.

1 Assumes funds for 102,637 professionals.

2 Assumes funds for 104,053 professionals.

3 Some expenditure included under the current system in this category has been shifted to the professional salary allowance.

4 This figure assumes that districts with programs above the basic program provided in this model will choose to maintain their program through the enrichment option.

ESTIMATED EXPENDITURES BY SOURCE*

(in Millions of Dollars)

	70-71	Current 71-72	Model 71-72	Difference Between Current and Model for 1971-72
Local Sources				
Basic Program	904	1,000[1]	0[2]	-1,000
Transportation	30	32.5	0	- 32.5
Enrichment Program	N/A	N/A	100[3]	+ 100
TOTAL LOCAL FUNDS	934	1,032.5	100	- 932.5
State Sources				
Basic Program	740	810	1,793	+ 983
Transportation	30	32.5	70	+ 37.5
Enrichment Program	N/A	N/A	50[3]	+ 50
TOTAL STATE FUNDS	770	842.5	1,913	+1,070.5
TOTAL STATE AND LOCAL SOURCES	1,704	1,875[4]	2,013[4]	+ 138[5]
% Increase		(10.0)	(18.1)	(8.1)

* Federal Funds not included

1 This assumes a 7% increase in SEV and a 3.1% increase in millage rate over the 1970-71 levels.

2 Represents the shift from the property tax to the state income tax.

3 This figure assumes that districts with programs (i.e. staff adequacy ratios) above the basic program provided in this model will choose to maintain their program through the enrichment option.

4 This assumes an increase in enrollment of 32,000 students over the 1970-71 level.

5 The difference between the current system and the model for 1971-72 excluding property tax relief is as follows:

Net increase in State funds	$ 38 million
Net increase in Local funds	100 million
Total increase in expenditures	$138 million

COMMENTS

Sections 7, 9, 11, and 13 describe the methods of determining the Professional Salary Allowance of a local district. Five factors affect a local district's costs.

1. The number of pupils (Section 7 adjusts the district's allowance to reflect this variation).
2. The number of professionals employed for each 1,000 students (Section 7 adjusts the district's allowance to a maximum of 47 professionals per 1,000 pupils).
3. The salary level (Section 9 adjusts the professional salary allowance to reflect the variation in costs of doing business among regions of the State).
4. The staff experience and training. (Section 11 adjusts the allowance to reflect differences in staff experience-training.)
5. The level of payments for fringe benefits, extra stipends and substitute teachers' pay as an additional cost of compensating professional staff members (Section 13 adjusts the local district's professional salary allowance to reflect the costs of fringe benefits, extra stipends, and substitute teachers' pay).

Section 7 - Classroom Units

A. To determine the number of classroom units, local school districts shall employ the following rules:

1. The number of pupils shall be computed on an equated full-time basis for the time which the pupils are located in programs under the administrative jurisdiction of the district.
2. Pre-kindergarten and kindergarten pupils shall be computed on an equated half-time basis.
3. Forty-seven (47) classroom units per one thousand (1,000) pupils shall be authorized for reimbursement under the provisions of this act (i.e. Equated Full-Time Enrollment X 47/1000 equals Number of Classroom Units).

B. 1. Local districts shall be reimbursed only for the actual number of professional staff members employed up to forty-seven (47) per one thousand (1,000) pupils.

2. This section provides professional staff members for all programs operated by the local district, including compensatory education, vocational education, special education, remedial reading programs, and pre-kindergarten programs.
3. The department shall prescribe uniform methods to assure the local district's compliance with these provisions.

Comment: Section 7

1. By setting the staff adequacy ratio at 47 professionals per 1,000 students, sixty percent of the students within Michigan will experience an improvement in program (as measured by the number of professionals working with a given number of students).
2. Every district in the State would receive sufficient funding to employ at least 47 professional staff members per 1,000 pupils.
3. If districts below 47 professionals per 1,000 pupils would raise their ratios to 47 per 1,000 and others maintain their current ratio by levying the enrichment millage, it would be necessary to hire an additional 5,700 professionals.

Section 9 - Salary Levels

Annually the department shall determine a regional professional salary level for each region within the state according to the following rules:

1. The regional professional salary levels shall be based on comparable levels of professional training and experience.
2. The regional professional salary level shall take into account previous years salary levels so that a local district is not required to lower the salary provided in prior years to a professional staff member with comparable training and experience.
3. The department shall make appropriate adjustments to the previous year's salary levels considering such matters as changes in the cost of living and adjustments in other public and private employees salary levels.

Comment: Section 9

1. Professional salary levels are tending to converge within each intermediate school district. Among intermediate districts, salaries are diverging.
2. In order to prevent the salary of any professional from being lowered and to equalize salaries within the region, the regional salary level would be the highest salary level within the region adjusted for experience and training.
3. The enclosed map of the state shows the regional boundaries and salary levels if the bill were to take effect in 1971-72.
4. While this section designates a regional salary level, the provision does not determine the actual salary paid to any individual teacher.
5. Within the constraint of the total funds available for professional salaries, the individual salary level is still a matter of negotiation between professionals and the local school board.

HIGHEST AVERAGE ADJUSTED SALARY

WITHIN THE INTERMEDIATE DISTRICT

FOR 1970-71

Number in parenthesis represents the number of staff.

Section 11 - Experience-Training Factor

A. The district's experience-training factor shall be determined by:

1. Assigning each staff member a numerical value from Table I. Data for part-time professional staff members shall be converted to full-time equivalency for computation purposes.
2. The sum of the values for the entire staff, including all staff members paid for out of the enrichment program account, shall be divided by the number of full-time equated professional staff members to determine the experience-training factor of the local district.

Table I

Professional Staff Qualifications

Years of Approved Experience	Professional Level of Education					
	(1) Less than (-) BA Degree	(2) BA Degree	(3) BA Degree +20 hrs	(4) MA Degree	(5) MA Degree +30 hrs or Ed.S. Degree	(6) Ph.D. or Ed.D. Degree
0	.60	.75	.80	.90	1.05	1.30
1-2	.65	.80	.85	.90	1.05	1.40
3-4	.70	.85	.90	.95	1.10	1.40
5-6	.75	.95	1.00	1.05	1.20	1.50
7-8	.75	1.00	1.05	1.15	1.30	1.60
9-10	.80	1.05	1.10	1.25	1.40	1.70
11+	.85	1.10	1.20	1.35	1.60	1.95

B. The hiring and assignment of staff and compensation patterns shall be the responsibility of the local district.

Comment: Section 11

1. The professional salary table is an attempt to approximate the actual salary difference that results from different combinations of experience and training characteristics among districts. The table approximates the present salary structure in the following manner:
   a. The factor values in the table represent the relationships between the average salary paid to teachers with a given combination of experience and training and the statewide average professional salary.
   b. Since the table is intended to reflect the actual cost difference of employing a given professional staff member, the combination of experience and training factors considered in the table closely correlates to local district salary schedules in Michigan. The table does not provide for increased factor values for more than 11-12 years of professional experience. Since 96% of Michigan's professionals work in school districts with salary schedules that do not provide incremental raises for more than 12 years of experience, it seems appropriate to limit the range of the table to 12 years of experience.
2. The intent of the provision is to compensate districts to reflect the cost of maintaining the particular combination of experience and training characteristics in their professional staff that is desired by the district. There is no intent to encourage or penalize a district with a particular combination of experience and training.
3. Assuming the past increases in experience and training continues at one percent per year, the State experience-training factor would be 1.05 in 1971-72.

Section 13 - Professional Salary Allowance

To determine the local district's professional salary allowance, the following rules shall be employed:

1. The regional professional salary level determined in Section 9 shall be multiplied by the number of classroom units, determined in Section 7.
2. The resultant product shall then be multiplied by the experience-training factor determined in Section 11.
3. The resultant product determined in Sub-section 1 above shall be multiplied by 5 percent (.05) to determine the amount to cover the cost of fringe benefits, extra stipends, and substitute teachers' pay.
4. The additional allowance determined in Sub-section 3 above shall be added to the amount determined in Sub-section 2 above. This total shall be che district's professional salary allowance.

Comment: Section 13

1. In mathematical format, and using statewide figures for 1971-72, the rules for determining Professional Salary Allowance are as follows:

Sub-section 1	Regional Professional Salary Level (section 9)	X	Number of Classroom Units (section 7)	=	Total Sub-section 1	
	$11,623	X	104,053	=	$1,209 million	
Sub-section 2	Total Sub-section 1	X	Experience-Training Factor	=	Total Sub-section 2	
	$1,209 million	X	1.05	=	$1,269 million	
Sub-section 3	Total Sub-section 1	X	Allowance for Fringe Benefits, Substitute Teachers and Extra Stipends	=	Total Sub-section 3	
	$1,209 million	X	(.05)	=	$61 million	
Sub-section 4	Total Sub-section 3	+	Total Sub-section 2	=	Professional Salary Allowance for All Local Districts	
	$61 million	+	$1,269 million	=	$1,330 million	

2. A work sheet to determine the professional salary allowance for each district is included in the appendix.
3. The additional allowance determined in this section for fringe benefits, extra stipends, and substitute teachers' pay is based on the present average cost to local districts of providing these services and benefits.

Section 15 - Non-professional Salary and Non-salary Cost Allowance

To determine the local district's allowance for all expenses other than professional salaries, the following rules shall be employed:

A. Non-professional salary allowance:

1. The regional professional salary level as determined in Section 9 shall be multiplied by the number of classroom units as determined in Section 7.

2. The resultant product shall be multiplied by twenty percent (.20). This final amount shall be the amount allocated for non-professional salary expenditures.

B. Non-salary cost allowance: The local district shall be allocated one-hundred dollars ($100) per pupil for non-salary expenditures.

Comment: Section 15

1. The relationship in Part A of this section is an effort to compensate local districts for their non-professional salary cost. The amount is determined in the following manner:
   a. Since non-professional salary cost will vary regionally, as do professional salaries, the non-professional salary allowance is a percentage of regional salary levels.
   b. The 20% relation between the regional salary and non-professional allowance is the historic relationship between these factors. Since 1964-65, this relationship has remained virtually constant.
   c. The allowance also varies by the number of classroom units to reflect the number of non-professional staff necessary to serve a given number of students.
2. The $100 per pupil allocation for non-salary expenditures was developed in the following manner:
   a. Non-salary costs do not vary regionally as is the case with salary costs.
   b. The $100 per pupil level represents the present average level of non-salary costs in Michigan.
3. In mathematical format and using statewide figures for 1971-72, the rules for determining non-professional salary allowance and non-salary cost are as follows:
   a. Non-professional Salary Allowance:

Regional Professional Salary Level		Number of Classroom Units		Factor (.20)	=	Estimated 1971-71 Non-professional Salary Allowance
$11,623	X	104,053	X	.20	=	$242 million

3. b. Non-salary Cost Allowance:

Enrollment	X	Non-salary Cost Allowance Factor ($100.00)	=	Estimated 1971-72 Non-salary Cost Allowance
2,213,912	X	$100.00	=	$221 million

4. A work sheet to determine Non-professional Salary Allowance and Non-salary Cost for each local district is included in the appendix.

Section 17 - Transfers to Enrichment Program Account

A. The funds provided in accordance with this act shall not be transferred among the professional salary allowance, the non-professional salary allowance, or the non-salary cost allowance. However, monies not spent within these allowances may be transferred to the enrichment program account. The use of funds within these restrictions shall be a function and responsibility of the local district.

B. Those local districts which have operating surplus on the effective date of this act shall transfer those funds to the district's Enrichment Program Account.

Section 19 - Budget Recommendation

The department shall conduct a survey among the local districts to determine the projected enrollments, staff characteristics, current salary levels, and other information deemed necessary to implement this act. From the information gained, the state department of education shall assemble and forward to the Governor a total budget for elementary and secondary education. The recommendation, with copies to the Legislature, shall be submitted no later than October 1.

Section 21 - Executive Budget Recommendation

The Governor shall review the budget recommendations of the department and shall make any adjustments therein that he deems necessary. The Governor shall submit his budget recommendations for elementary and secondary education at the time he submits his total budget recommendations, in the form and manner prescribed by law.

Section 23 - Local District Reports

In order to be eligible to receive state aid under the provisions of this act each school district shall, by the superintendent of each district through the secretary of each board, on or before the seventh Friday after Labor Day of each year, file with the intermediate school district superintendents a certified and sworn copy of:

1. the enrollment for the current school year
2. the number of professional and non-professional staff employed
3. the professional and non-professional staff salary levels
4. the experience-training characteristics of professional staff employed

In addition, those school districts maintaining school during the entire year, as provided under section 731 of the school code of 1955, shall file with the intermediate school district superintendent a certified and sworn copy of the above information for the current school year in accordance with rules established by the state board of education. In case of failure to file such sworn and certified copy on or before the seventh Friday after Labor Day, or in accordance with rules established by the state board of education, state aid under the provisions of this act shall be withheld from the defaulting school district. Any person who shall willfully falsify any figure or statement in the certified and sworn copy of such information shall, upon conviction thereof, be punished in the manner prescribed by the laws of this state.

Section 25 - Post-audit Accounting

The department shall prescribe uniform methods for a post-audit accounting of the funds provided for in this act.

Section 27 - Professional Qualifications

As provided in the school code, the board of any district shall not permit any unqualified professional to teach in any grade or department of the school. Any district employing professionals not legally qualified shall have deducted the sum equal to the amount paid such professionals. The superintendent of each intermediate school district shall notify the superintendent of public instruction of the name of the unqualified professional and the district employing him and the amount of salary the unqualified professional was paid with respect to districts within his school district

Section 29 - Transportation

A. Transportation services shall be provided by the intermediate school district or by contract with the local school district to all public school pupils living more than 1½ miles from the school they attend. Transportation distances shall be measured along public streets and highways.

B. The superintendent of public instruction shall have authority upon investigation by him, or someone designated by him, to review, confirm, set aside or amend the action, order or decision of the board of education or school board of any school district with reference to the routes over which school children shall be transported, a distance they shall be required to walk, and the suitability and number of vehicles and equipment for the transportation of the school children.

C. Transportation shall be funded by state appropriation on a current year basis through intermediate districts.

D. No allotment for transportation shall be allowed any school district which operates a bus route disapproved by the superintendent of public instruction.

Comment: Section 29

1. The State will assume the total cost of transportation services for public school students. Transportation is a need so unique among districts that it should be funded as a categorical.
2. The intermediate districts have primary responsibility for operating the transportation system.
3. This section provides for a uniform statewide standard for transportation services. The bill does not differentiate between students living within a city and those living outside a city.
4. If the bill were to take effect in 1971-72, the cost to the State would be $70 million.

Section 31 - Local Enrichment Levy

A. In order to provide an incentive for local districts to supplement their programs regardless of their property tax wealth, the state shall share with the districts the additional costs.

B. Beginning July 1, 1972, school districts may level enrichment mills upon each dollar of valuation. This shall be done in accordance with the provisions of law regarding school district millage elections. Taxes voted on local school district real or personal property shall be levied and collected in the same manner as other property taxes.

C. Local districts shall not vote millage beyond the six-mill (6) limit as specified in Section 6 of Article 9 of the state constitution.

D. Local districts with a state equalized value above $30,000.00 per pupil are not eligible for additional state aid under this incentive program.

E. For each mill levied, the state shall supplement the local district's revenue yield so that the total amount shall equal $30 per pupil.

Comment: Section 31

1. If districts that presently have more than forty-seven (47) professionals per one thousand (1,000) students vote to impose a six-mill enrichment in 1971-72:

   a. Over ninety-eight (98) percent of the students in Michigan will experience an improvement in program (as measured by the number of professional staff members per one thousand (1,000) students).

   b. Estimated cost of the enrichment program in 1971-72:

State Share:	$ 50 million
Local Share:	100 million
Total Cost:	$150 million

2. A worksheet to determine the additional funds possible under the optional enrichment program is included in the appendix.

Section 35 - Enrichment Program Account

A. A school district entering into enrichment programs shall create and maintain an enrichment program account in such form and manner as shall be prescribed by the department. The account shall be subject to audit and examination at all times by the department to ascertain that all funds of the account have been used in a manner consistent with the provisions of this act.

B. Funds from the enrichment program account shall not be used to raise the salary levels of any professional staff member or other personnel employed by the local school district.

Section 39 - Enrichment Program Account Restrictions

Any money paid from the enrichment program account in a manner inconsistent with this act shall be subtracted from the appropriations of the school district concerned for the fiscal year immediately succeeding the fiscal year in which the money was paid.

Section 40 - Old Grandad

A. In order to be eligible to receive funds under the provisions of this section, a local school district must levy six (6) mills as provided in Section 6 of Article 9 of the State Constitution.

B. Under this section of the act, funds shall be allocated in a manner such that no local school district shall receive a smaller per pupil allocation than the district received in 1970-71 from local sources and from the following formula:

Per Pupil State Equalized Valuation	Gross Allowance	Deductible Millage
a. $15,500 or more	$530.50	14
b. Less than $15,500	$623.00	20

Section 41 - Operating Deficits

A. No local school district shall operate with a deficit. Those districts which operated with a deficit before the effective date of this act shall meet all past obligations.

B. Those districts which have an operating deficit on the effective date of this act shall annually use 1% of the funds allocated under Section 13 and 15 to pay past obligations. Those districts shall then be allowed to employ less than forty-seven (47) professionals per one thousand (1,000) pupils according to rules promulgated by the department. Those districts with voted local enrichment programs may not use state funds as prescribed in this sub-section.

C. Those districts having a deficit on the effective date of this act that have chosen the enrichment levy provided in Article 9, Section 6 of the State Constitution shall use funds from the enrichment program account to pay past operating deficits. An amount equal to 1% of the funds received under Section 13 and 15 shall be transferred from the enrichment program amount to pay past obligations under the provisions of this sub-section.

Section 42 - Improper Use of Funds

Future appropriations under the provisions of this act shall be adjusted by the department in accordance with any violations.

APPENDIX

The following worksheet is provided to determine the local district's share of funds.

WORKSHEET FOR

LOCAL DISTRICT

BASIC PROGRAM

Part A

1. Number of classroom units:

Enrollment	X	Professionals Per 1,000 Pupils	=	Total Units
_____	X	(47/1000)	=	_____

2. Regional Professional Salary Level:

The Highest Average Adjusted Salary Within the Region	=	Regional Salary Level
(see attached map)	=	$_____

3. Allowance for Fringe Benefits, Substitute Teachers, and Extra Stipends:

Regional Professional Salary Level	X	Number of Classroom Units	X	Factor	=	Allowance for Fringe Benefits, Substitute Teachers and Extra Stipends
$_____ (Line 2)	X	_____ (Line 1)	X	.05 Additional 5% for these expenses	=	$_____

4. Professional Salary Allowance:

Regional Professional Salary Level	X	Experience-Training Factor	X	Number of Classroom Units	=	Salary Sub-Total	+	Allowance for Fringe Benefits, Substitute Teachers and Extra Stipends
$_____ (Line 2)	X	_____ (Table 1)	X	_____ (Line 1)	=	$_____	+	$_____ (Line 3)

= Professional Salary Allowance

= $_____

BASIC PROGRAM
Part A (continued)

5. Non-professional Salary Allowance:

Regional Professional Salary Level	X	Number of Classroom Units	X	Factor	=	Non-professional Salary Allowance
$_____ (Line 2)	X	_____ (Line 1)	X	.20	=	$_____

6. Non-salary Cost Allowance:

Enrollment	X	Non-salary Cost Allowance Factor	=	Non-salary cost Allowance
_____ (Pupils)	X	$100.00	=	$_____

7. Total Allowance for Basic Program:

Professional Salary Allowance (Line 4) = $_____

Non-professional Salary Allowance (Line 5) = $_____

Non-salary cost allowance (Line 6) = $_____

Total = $_____

8. Basic Allowance per Pupil:

Total Allowance for Basic Program	÷	Enrollment	=	Basic Allowance per Pupil
$_____ (Line 7)	÷	_____	=	$_____

Part B - Enrichment Program Funds

Enrollment	X	SEV/Pupil (Minimum $30,000)	X	Number of Voted Mills	=	Enrichment Funds Available
_____	X	_____ (The State will equalize SEV/Pupil to $30,000.00)	X	.00_____ (Maximum of six mills)	=	$_____

APPENDIX

1. "Special Message to the Legislature on Excellence in Education - Equity in Taxation" by Governor William G. Milliken, April 12, 1971. This special message outlined the basic proposal present in the body of this report. Because the program underwent many changes since the time of this message, it was placed in the appendix.

2. "An Analysis of the Governor's Proposals for Financing Elementary-Secondary Public School Operating Costs and A Comparison with the Democratic Party Proposal" by the Citizens Research Council of Michigan, March, 1972. The language of the constitutional amendment was changed after this analysis was published. The only significant difference, however, is that the new amendment does not include the option for a statewide property tax on business and industry. The rest of the analysis remains applicable.

3. "Proposed Recodification of the State School Aid Act - 1972" by the State Department of Education. This legislation is an attempt to reorganize the existing school code into a systematic form to make the transition to a new system of school finance easier. In addition, the legislation further refines present categorical programs. The fiscal recommendations included in the recodification do not necessarily reflect the Governor's budget recommendations for 1972-73.

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Governor William G. Milliken
Executive Office
Monday, April 12, 1971

SPECIAL MESSAGE TO THE LEGISLATURE ON EXCELLENCE IN EDUCATION - EQUITY IN TAXATION

We are now in our second year of the battle for educational reform. The crisis is still with us, and it has grown worse. Many school districts are bankrupt; others teeter on the brink of financial disaster. Many parents are dissatisfied with the quality of education. Thousands of students drop out of school every year, and thousands more, especially in the large high schools of the cities, have grown restless and rebellious.

By these remarks, I do not mean to criticize the overall quality of education in Michigan, which I consider to be very high. Most Michigan teachers, who are, incidentally, among the highest paid teachers in the country, are highly qualified and thoroughly dedicated to their jobs. Most school administrators should be praised for their accomplishments in the face of almost insurmountable problems -- the continual defeat of millage proposals, overcrowding, vandalism, racial tensions, and a revolution of expectations among parents about what education can and should achieve.

But if the quality of education in Michigan is generally high, it is also strikingly uneven. Some schools are very bad, and some are excellent. The tragedy is that the schools fail so often precisely where they should be achieving the greatest success -- where people are poor and education is the only hope for ending their poverty.

Our objectives in educational reform, as outlined by the Education Reform Commission in September of 1969, should be clear. In briefest summary, they are:

-- Quality education for every child, no matter where he may live. This means an educational system which will assure that our children are well educated, properly prepared for the world in which they will live and work. It also means that educational opportunity must be equal for all children, regardless of race, economic status of parents, or geographic location in Michigan.

-- A rational system of educational finance which will provide the resources needed at state and local levels to assure quality education. Such a system must be stable and reliable; it also must grow as population and needs grow.

-- Equity of tax burden. Justice requires that all persons contribute their fair share to the cost of education. Because education is a public responsibility, all parts of the public must contribute; such contributions should be based on ability to pay.

-- Testing. In order to evaluate and improve our educational system, we must be able to measure its results. This can be done through an adequate system of assessments, coupled with a disbursement process which supplies the financial support required to improve output.

-- A strong and accountable State Board of Education. Because control of elementary and secondary education rests in the State Board of Education, it is essential that that body function as professionally as possible. To assure this, the Board should be removed from partisan, elective politics. Membership on the Board should be based on professional competence and citizen concerns.

-- Local control. Long-standing tradition in this state requires that local communities and school districts retain control over important matters of educational concern, such as curriculum and personnel. The difficult problem of raising educational revenue should be removed from local districts, so they can concentrate on educational quality.

We have made the following progress towards our goals:

-- a testing process that measures reading and arithmetic skills in fourth and seventh grades.

-- further, gradual, consolidation of school districts.

-- long hours of debate which have led to a better understanding of school problems and agreement on general approaches to solutions of these problems.

Shortcomings of our educational system, which will be overcome as we reach our objectives, are clear. They include:

-- wide disparity of resources for education in the various districts (a range of about $500 to more than $1200 per student).

-- no adequate measurement of the effectiveness of present educational systems and methods.

-- too heavy reliance on property tax to finance school operating costs.

-- under-emphasis on vocational education.

-- the recurrent crisis in school financing.

-- a teacher certification process that too often turns away potentially excellent teachers.

MUST ALTER PRESENT COURSE

Too often in the past, short-term solutions have been advanced to deal in crisis with these long-range problems. For example, last year the Legislature adopted a school aid plan for 1971-72. This plan is scheduled to go into effect July 1, 1971. As I said last year, this plan is laudable in purpose, but its effects would be unfortunate.

1. It would require additional expenditures of over $200 million, $148 million more than I have proposed, for education in the 1971-72 fiscal year, with no assurance that the additional money will produce quality education. It would further commit the State to even greater levels of spending in future years, again without educational reform.

2. It provides no certain property tax relief. Such relief might be forthcoming in some school districts, providing certain actions were taken locally. Yet there is no assurance such actions would be taken.

3. It would require school districts levying less than 20 mills of property tax (and over 300 do) to raise their property tax to 20 mills to receive the promised $720 per pupil.

4. It implies that local school districts could enact local income taxes to reduce their reliance on property taxes. The resultant possible proliferation of income taxes among the 626 school districts of Michigan could assume nightmare proportions, particularly for businesses with operations in more than one school district.

For these reasons, it is imperative that the Legislature repeal this state aid plan; in its place, we must move on fundamental reform. The proposals which follow do not change the school aid recommendations already made to you in my budget message.

SUMMARY OF PROPOSALS

In this special message to you, I am proposing, in order to further and to accelerate our orderly progress towards the achievement of our goals:

1. A constitutional amendment to virtually eliminate the reliance upon property tax - as of the end of this year - as a source of school operating revenue and a compensating heavier reliance on other more equitable tax sources. The same amendment would reduce constitutional limits on property taxes so that the resultant relief could not be lost through increases in other property taxes.

2. A plan to raise substantially the amount of money available for education, while at the same time making sure that all spending for education is subjected to strict standards of accountability.

3. Provision for enabling local districts to enrich their programs beyond the level of state support.

4. A constitutional amendment to increase the accountability of the State Board of Education by changing it from an elective to an appointive body.

5. A plan to assure that all school districts cover the full range of kindergarten through twelfth grade.

6. Further consolidation of intermediate districts, with attendant increase of responsibility.

7. Additional funds for compensatory education based on the results of assessment of basic skills, which will implement the concept of accountability.

8. Continuation and improvement of education assessment, with the State Department of Education working closely with local districts for such improvement.

9. A timetable for adoption of a revenue distribution plan, which will include maximum opportunity for citizen involvement in planning.

10. Encouragement of the extended school year concept to make better use of teachers and facilities.

11. A teacher certification process that relies more heavily upon successful teaching.

12. Expansion of neighborhood education authorities to meet specific local needs.

13. Improved leadership and direction of vocational education.

14. More effective local control - with school boards and administrators, free of millage battles, able to devote their full attention to education.

15. Appointment of a Commission on Higher Education to begin immediately to plan for upgrading of educational opportunity in colleges and universities, as well as to produce a plan for effective coordination of all higher education institutions and programs.

There is general recognition that specially levied millage for school operating costs (now averaging 25.7 mills statewide) is much too high and that it places a disproportionate burden upon the property tax. This presents several serious problems.

1. Frequently, because of taxpayer resistance, school operating millages fail in elections, thereby denying needed support to local educational systems.

2. The property tax, while very stable, does not grow as quickly as the economy or educational needs. Therefore, there is a natural strong pressure to finance an increased portion of educational costs out of general revenue.

3. The varying property wealth of different districts, regardless of the level of property tax levied, produces varying resources of educational support. Thus some districts with relatively low tax rates realize substantial sums of money, while other districts with very high tax rates realize lesser amounts. Reliance on the property tax, therefore, leads to inequality.

4. The property tax falls particularly heavily on senior citizens, small farmers, and low income persons who own or are buying homes. Such persons simply are not able to continue to carry a high tax burden.

The Legislature has considered several proposed constitutional changes to reduce this burden, and last year the House finally passed a resolution which would have reduced such taxes to a maximum of 12 mills. This resolution failed in the Senate. Intervening months of evaluation and research have convinced me that we can, and should, reduce the property tax rate for school operational expense substantially; I do not believe we should stop at a reduction to 12 mills. I recommend that we, by constitutional amendment, turn completely away from the property tax for general school operating purposes.

This will permit us to achieve substantial property tax relief and to spread the total burden more equitably.

Such action would result in total property tax relief of $1,118,000,000, of which $618 million would fall in relief on individual property tax, and $500 million on business. This loss on individually held property then could be made up by the Legislature through an additional 2.3% increase in the income tax.

Using only the income tax source for replacement of the loss from business would result in a prohibitively high corporate income tax, so my proposal will recommend that the loss from businesses be made up through a value-added tax of approximately 2% which would keep the corporate income tax rate low enough to protect Michigan's competitive position with other states. I also will recommend substantial reduction of the present franchise tax, which is presently above the rates in other states. The appendix of this message provides much greater detail of this tax impact on families and business, but the preceding brief outline indicates the anticipated total loss and the means of making up these losses. I call your attention, further, to these significant aspects of my proposals:

-- The substitution of the personal income tax and the value-added tax for the property tax will assure that revenues for educational finance will grow more in line with needs.

-- The proposed increase in the personal income tax will generate revenues in fiscal year 1980 equivalent to a 32 mill levy, 6 mills or 23% higher than the current state average school operating millage.

-- A value added tax on business will grow in line with the increase in economic activity in the state, about two percentage points faster than the property tax base.

This improved elasticity of the total tax structure should eliminate the need for regular increases in tax rates - a problem which has plagued the educational system in recent years.

Assuming that this approach is adopted, three facts immediately become obvious: (1) there would be a major shift in the support of education from the local tax level to the state tax level; (2) the formula by which the money would be distributed to school districts throughout the state becomes critical; (3) a simple "trade-off" of tax dollars is not sufficient; there must be more money for schools.

Because we cannot equalize educational resources immediately and because we cannot lower the support in any district, I recommend that an optional locally voted millage be allowed up to a maximum of six mills. Such millage should be equalized throughout the state, so that each mill, in whatever district levied, will produce the same amount of money.

DISTRIBUTION OF EDUCATIONAL RESOURCES

Studies of the Michigan school aid program, including the analysis of my Education Reform Commission, have judged it inadequate in the poorer districts of our state for a minimum school program. It has also become overly complex.

Its greatest weakness, however, is the inequitable distribution of financial support per pupil. We cannot have equity of educational opportunity for Michigan children when some districts spend more than twice as much per pupil as others. The removal of the property tax would eliminate the principle cause of inequitable educational financing. It will also allow us to move to a more adequate and simplified school aid program.

I believe that allocation of school aid should be designed as a revenue sharing program for local school districts, to assure adequate financial support for schools. By removing the burden of raising money from local school boards, I believe they could do the job they are best equipped to carry out: to ensure accountability in spending money and to establish educational policy of the district. An education revenue sharing program must be guided by the following criteria:

1. Guarantee an adequate and equitable level of financial support to provide a quality education for every child.

2. Establish annual levels of financial support for salaries of educational professionals on a statewide basis.

3. Allow a small percentage of school aid to be retained at the state level on a discretionary basis to encourage educational innovation and provide remedial assistance to those districts with greatest need.

4. Permit a local option by school districts to enrich their school program through a vote-limited property tax levy. The enrichment money should go for more courses and more teachers, rather than to supplement salaries.

I am continuing to work on an adequate and equitable revenue sharing program for use beyond the 1971-72 fiscal year, and by late summer I will be prepared to submit a distribution formula for legislative and public consideration. In the meantime, I urge the Legislature and every interested legislative, educational, and citizen group to submit their recommendations to me by July 1 for consideration along with my efforts. The problem of distribution is so important, and so critical to the ultimate success of educational reform, that its solution must have all the best thinking we can bring to bear upon it.

STRENGTHENED STATE LEADERSHIP

To strengthen the State's leadership role in education, I had originally recommended a constitutional amendment to abolish the State Board of Education in favor of a single director appointed by the Governor with the advice and consent of the Senate. Through legislative deliberation, compromise has developed whereby the State Board of Education would be appointed by the Governor, and I support that compromise as an improvement. It is not, certainly, that the electorate is incapable of choosing a good state board, it is rather that these important positions receive so little attention in the whole political process that the electorate's ability to perform and to assure board accountability is diminished. Present members of the Board should continue to serve until their terms expire.

MUST BE DECIDED THIS FALL

Because the time element is so critical, we cannot afford to wait until the next general election in 1972 to decide upon the property tax relief and state board constitutional amendments. I urge, therefore, that the Legislature submit these two questions to the electorate in a special election to be held in November of this year.

CONSOLIDATION

My original proposal called for reducing the present number of intermediate school districts from 60 to 15, giving to the resulting regional districts important administrative functions.

A compromise plan for reducing the number of intermediate districts by more than one-half has developed. I accept this compromise, provided these regions are assigned important operational duties in special and vocational-technical education and in applying modern business techniques, all of which are more difficult to achieve on a purely local level.

I propose legislation to require that all non-K-12 local school districts be consolidated with existing K-12 districts. There is general agreement on the need to assure each student an education within a K-12 system and I am confident that, when tax inequities are resolved, important further consolidations of K-12 districts will result so that all districts will have the size and resources necessary to provide comprehensive educational opportunity.

COMPENSATORY EDUCATION

One of the most significant aspects of my 1971-72 school aid proposals is the compensatory education package, which combines the current Sections 3, 4, and that portion of 12 dealing with remedial reading into a new section which would provide funds for compensatory education based upon the results of the assessment of basic skills.

By combining the assessment of educational progress with compensatory education funds, accountability will have a concrete meaning in Michigan and educators will be able to work more effectively toward achieving educational success with those students who demonstrate special needs.

PERFORMANCE CONTRACTING

Included in the compensatory aid section of my school aid proposals for 1971-72 is a requirement that 5% of the $22.5 million propos e d appropriation be used for experiments with educational performance contracts. This approach, emphasizing pupil achievement, particularly in the basic skills of reading and mathematics, will enable teachers to focus directly on objectives and results.

EXTENDED SCHOOL YEAR

A task force of school superintendents is preparing legislation for the current session which would allow extended school year programs for those districts desiring them. I strongly support this effort and urge your support of legislation to encourage districts throughout the state to develop extended school year programs which will better utilize facilities and better serve children.

TEACHER CERTIFICATION

Critics of the current teacher certification system have argued that the "educational establishment" has a stranglehold on entrance requirements, as well as career advancement, which protects the status quo at the expense of improving the quality of teaching.

Michigan should be particularly sensitive to this criticism because, of the ten largest teacher training institutions in the nation, four are in Michigan.

The State Board of Education is ultimately responsible for adopting the administrative code governing teacher certification, and I will urge the board to make sure that prospective teachers with broad backgrounds in the liberal arts and with experience in occupations are not denied certification merely because they did not have an opportunity to enroll in numerous teacher training courses in a school of education.

DETROIT DECENTRALIZATION

I have recommended in my budget $500,000 of state funds to assist with the Legislature-mandated Detroit school district decentralization. Coupled with expected funds from federal as well as private sources, Detroit should be able to provide the nation with an effective decentralization example.

NEIGHBORHOOD EDUCATION

Michigan's Neighborhood Education Authority, authorized last year by the Legislature at my request, has moved carefully and thoughtfully.

The first such education center is now operating in Pontiac, and I urge that this experiment be continued and expanded elsewhere.

HIGHER EDUCATION

During the past two years, much of our attention has been concentrated on elementary and secondary education. We must also be concerned about education beyond high school.

In order to plan before we act, I will establish a Commission on Higher Education in Michigan. Its responsibilities will include:

1. To suggest goals and objectives of all post-secondary education in Michigan.

2. To assess the current and projected supply of, and demand for, educational services beyond high school.

3. To recommend effective patterns of governance and management for individual institutions and for state policy-making.

4. To develop recommendations for the financing of post-secondary education.

This Commission, which I will announce shortly, will include about 20 members, with high level staff support.

I strongly urge the Legislature to support my request for $100,000 for the 1971-72 fiscal year to finance the operation of this Commission, which would be required to complete its work before the summer of 1972.

CONCLUSION

The evidence of a mounting school crisis is upon us - in resistance to property tax increases for school operation - in rapidly-escalating conflict between school boards and teacher organizations - in collective bargaining whipsaw effects that are forcing too many districts into deficit financing - in student disorders - and, above all, in growing public dissatisfaction with our educational processes.

It is not enough to deal with these problems piecemeal; nor is it enough to deal with them on a one-year basis.

Nothing less than major reform will be sufficient and nothing less than immediate comprehensive action will be acceptable to the people of this state.

I will seek, and I will welcome, a full discussion with members of the Legislature on these proposals, and on any other proposals which you have.

This must be a year in which we implement new educational approaches which are more responsive to the diverse needs of our state and society.

Our children, and generations yet unborn, deserve nothing less.

APPENDIX

GROWTH POTENTIAL OF GOVERNOR'S RECOMMENDATIONS

Estimated Revenue Yields of a 2.3 Per Cent Personal Income Tax and a 26 Mill Property Tax on Non-business Property (In Millions)

Fiscal Year Ending	2.3 Per Cent Personal Income Tax	26 Mills Property Tax	Difference between Income and Property Tax
1973	$ 618	$ 618	$ —
1974	677	668	9
1975	743	707	36
1976	814	749	65
1977	888	793	95
1978	971	840	131
1979	1,056	889	167
1980	1,150	944	206
Total for Period:	$6,917	$6,208	$709

The substitution of the personal income tax for the school operating millage on non-business property at equivalent yield rates for fiscal year 1972-73 will yield greatly different amounts in subsequent years. By fiscal year 1979-80, a 2.3 per cent personal income tax will yield over $200 million more per year than a 26-mill average levy on non-business property. Over the eight-year period ending fiscal year 1979-80, the personal income tax will generate over $700 million more than the total for a 26-mill levy for the same period. In order for the property tax to yield as much as the personal income tax during the period, the average millage rate would have to be increased each year to an average of nearly 32 mills in fiscal year 1979-80, 23 per cent higher than the estimated average rate of 26 mills in fiscal year 1972-73.

IMPACT OF GOVERNOR'S PROPOSAL ON TYPICAL FAMILIES

Complete Removal of School General
Operational Property Taxes and
2.3 Per Cent State Personal
Income Tax Rate

Income/Property Value (Family of 2 under 65)	School Operating Property Tax Millage			
	15	20	25	30
$ 4,000 - $10,000	$ - 38	$ - 63	$ - 88	$ -113
$ 6,000 - $12,000	- 7	- 37	- 67	- 97
$ 8,000 - $16,000	+ 9	- 31	- 71	-111
$12,000 - $24,000	+ 41	- 19	- 79	-139
$20,000 - $30,000	+180	+105	+ 30	- 45

Income/Property Value (Family of 2 over 65)	15	20	25	30
$ 4,000 - $10,000	$ - 75	$ -100	$ -125	$ -150
$ 6,000 - $12,000	- 62	- 92	-122	-152
$8,000 - $16,000	- 46	- 86	-126	-166
$12,000 - $24,000	- 14	- 74	-134	-194
$20,000 - $30,000	+125	+ 50	- 25	-100

Income/Property Value (Family of 3)	15	20	25	30
$ 4,000 - $10,000	$ - 66	$ - 91	$ -116	$ -141
$ 6,000 - $12,000	- 35	- 65	- 95	-125
$ 8,000 - $16,000	- 19	- 59	- 99	-139
$12,000 - $24,000	+ 13	- 47	-107	-167
$20,000 - $30,000	+152	+ 77	+ 2	- 73

GOVERNOR'S RECOMMENDATIONS FOR TAXATION OF BUSINESSES

The taxation of businesses is by far the most complex of the issues being considered. The complete removal of school operating taxes would result in a net tax reduction to the business community of approximately $500 million. This reduction must be offset by some other form of taxation. Although the corporate income tax comes immediately to mind, one must reject this tax as a method of raising this amount of revenue. The rate of the corporate income tax would have to be so high that the announcement effects on the business climate and instability of the tax source prevent my acceptance. As a result, some additional type of tax on business must be considered. The approach recommended to offset the $500 million reduction is a value-added tax.

While this type of tax has received little serious attention in the U. S., value-added taxation has been widespread in Europe for several years, especially among the Common Market members.

The adoption of a value-added tax in Michigan in lieu of the current property tax offers many attractive features. These features are presented below.

Neutrality - A general value-added tax is neutral between alternative investments and types of business; that is, it does not discriminate between capital or labor intensive production. The property tax, however, does discriminate in favor of the latter since each addition to a firm's physical equipment is subject to the tax. In contrast, the soft industries (such as retail trade and services) which are relatively labor intensive do not pay as large a tax, although they may be equally profitable and consume the same amount of public services.

Equity - It has long been a well-established fact that the property tax is very inequitable in that it does not treat equals as equals. Because of the difficulties of properly assessing the base (due in large part to the reliance on individual judgment), identical property in different locations may well be, and indeed most commonly is, taxed at greatly divergent levels. The value-added tax avoids these problems since its base is well-defined.

Revenue Growth - The value-added tax offers a higher growth rate than the property tax. In general, one could expect a value-added tax to grow at a rate approximating the growth of the economy.

Long-run Economic Growth - As mentioned previously, the property tax discriminates against real investment. Since the tax is in essence a capital levy, it discourages capital expansion. As a corollary, it rewards capital consumption -- the deterioration of the inner city of Detroit and the lack of incentives to renovate slums being cases in point. A value-added tax, on the other hand, does not have this effect since it is levied on economic activity. As a consequence, the substitution of a value-added tax for the general property tax will stimulate investment in Michigan relative to other states and the current tax structure.

Simplicity - The value-added tax is very simple to administer, requiring no complicated assessment techniques as does the property tax. Furthermore, it would impose little additional paperwork on either the part of the taxpayer or the State of Michigan since the necessary information for computing the tax is required for filling out the current corporate income tax.

Rates - Assuming the complete removal of the non-residential portion of school operating property taxes and reduction of the corporate franchise tax, it would require a value-added tax of around 2 per cent to yield an equivalent revenue.

An Analysis of the Governor's Proposals

For Financing

Elementary-Secondary Public School Operating Costs

and

A Comparison with the Democratic Party Proposal

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Memorandum No. 223

March, 1972

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THE GOVERNOR'S EDUCATION FINANCING PROPOSAL

The governor has proposed a new system of financing public education in Michigan. As a first step in the implementation of his program, the governor has proposed by initiative petition a constitutional amendment which would replace the present Article IX, Section 6, of the constitution of 1963, which establishes property tax millage limitations with a new provision establishing new property tax limitations. The proposed amendment also prohibits, with certain exceptions, the levy of local general ad valorem taxes for general elementary and secondary public school operation purposes and provides that the legislature shall establish a program of general state taxation for the support of elementary-secondary public school districts.

The governor has outlined proposals for the distribution of state funds to local school districts to finance elementary-secondary education operating costs and has proposed new and increased state taxes to raise the necessary funds. The initiative petition to amend the constitution is in final form and is being circulated, but the necessary legislation to implement the overall program has not yet been submitted to the legislature in bill form. Thus, some details of the proposed legislative program are still lacking and analysis of these proposals must relate to the concepts involved and such details as have been released.

This memorandum presents analyses of the governor's proposals: 1) on property tax limitations; 2) for state support for elementary-secondary education; 3) for new and increased state taxes to support public education; and, 4) compares the governor's proposed constitutional amendment with an amendment being proposed by the Michigan democratic party.

It should be noted that property taxes levied for debt service and property taxes imposed "by any city, village, charter county, charter township, other charter authority or other authority, the tax limiations of which are provided by charter or by general law" are specifically excluded from constitutional millage limitations in the present constitution and both the governor's proposed constitutional amendment and the Michigan democratic party proposed amendment continue this exclusion. In 1970, taxes levied for these purposes that are excluded from the constitutional millage limitations totalled about $600 million, which is almost one-third of total property tax taxes levied and represents an average state tax rate of 15.7 mills.

The discussion and comparisons in this memorandum deal only with property taxes subjected to the present and proposed constitutional millage limitations and do not deal with property taxes specifically excluded from the constitutional limitations.

THE GOVERNOR'S PROPOSED PROPERTY TAX LIMITATIONS

The constitutional amendment proposed by the governor would replace the present constitutional limitations on property taxes (Artixle IX, Sec. 6) with a new set of limitations.

The governor's proposed constitutional amendment would make the following changes in millage limitations effective January 1, 1973:

1. Replace the present 15 (or alternate 18) mill limit that may be levied without voter approval with a 14 mill limit.

2. While the present constitutional 15 (or alternate 18) mill limit is shared by and allocated among the counties, townships and school districts, the proposed 14 mill limit that can be levied without voter approval is made up of specific allocations to counties (8 mills) and to townships (1½ mills) and a general allocation of 4½ mills for specialized educational purposes (intermediate school districts and vocational, special and compensatory education programs).

3. The proposal would replace the present authorization of up to 35 extra mills that may be levied with voter approval for county, township and education purposes, with an authorization of up to 12 mills for millage that may be levied with voter approval--not to exceed 6 mills for counties and townships and not to exceed 6 mills for elementary-secondary school enrichment programs.

4. The overall millage limit for county, township and school operating purposes would be reduced from the present 50 mills to 26 mills, except on business property where the new limit would be 52 mills.

5. Community colleges which are subject to the present 50 mill limit would be exempt from the proposed 26 mill limit for county, township and school operating purposes.

6. The proposed amendment would permit the legislature to impose a uniform statewide property tax on business property of not to exceed 26 mills for public education operating purposes, which would be in addition to authorized local millage.

7. With the exceptions noted above (up to 6 mills for enrichment, 4½ mills for specialized education programs, and 26 mills for a business property tax), the proposed amendment would prohibit the levy of property taxes for elementary and secondary public school operating purposes.

The proposed constitutional amendment continues the present exclusion from constitutional millage limitations of taxes levied for debt service and taxes imposed "by any city, village, charter county, charter township, other charter authority or other authority, the tax limiations of which are provided by charter or by general law," and adds community college districts to this category of units of government that are exempt from constitutional millage limitations.

Table 1 presents, in summary form, a comparison of the overall millage limits for county, township and school-education purposes as provided in the present constitution and the millage actually levied for these purposes in 1970 with the millage limitations provided in the governor's proposed constitutional amendment.

Table 1

Summary Comparison of Millage
Subject to Constitutional Millage Limitations
Under Present Constitution and Governor's Proposed Amendment[a]

	Present Constitution		Governor's Proposed
	Legal Limit	Actual Avg. Rate in 1970	Legal Limit
Millage Levied Without Vote of the People			
County	(	5.60	8.00
Township[b]	(15-18	1.19	1.50
School--education	(	9.01	4.50
Total	15-18	15.80	14.00
Extra Voted Millage			
County	(	0.63	(6.00
Township[b]	(35-32	1.63	(
School--education	(	16.67	6.00
Total	35-32	18.93	12.00
Total Millage			
County	(	6.23	(15.50
Township[b]	(50	2.82	(
School--education	(	25.68	10.50
Total for Non-Business Property	50	34.73	26.00
Business Property Tax for Public Education Operating Purposes	--	--	26.00
Total for Business Property	50	34.73	52.00

[a]The comparison shows only property taxes subjected to the present and proposed constitutional millage limitations and does not show property taxes specifically excluded from the limitations (see text).

[b]The millage rates shown for townships are those applicable to the state equalized value of property located within townships and do not apply to property within cities.

Property Taxes for Education Purposes

The millage levied by local school districts, intermediate school districts and community college districts for operating purposes is now subject to constitutional millage limitations. In 1970, the most recent figures compiled by the state tax commission, the total property tax levy for these units was $990 million (excluding debt and building and site) or an average state tax rate of 25.68 mills. While the tax commission does not break down these figures in detail, the approximate levy for each purpose in 1970 and an estimate for 1971 are shown below:

	1970	1971
	(millions)	
Local School District Operating Levy	$926	$1,029
Community College Operating Levy	27	31
Intermediate School District Operating Levy	37	48
Total Levy	$990[a]	$1,108[a]

[a]Figures exclude levies for debt service, which are exempt from constitutional millage limitations; and for building and site.

The approximate state average tax rates for these education purposes in 1970 and 1971 would be as follows:

	1970	1971
	(mills)	
Local School District Operating	24.02	24.71
Community College Operating	.70	.75
Intermediate School District Operating	.96	1.15
Total Millage	25.68	26.61

The operating levies and millages for local school districts and intermediate school districts include monies for special education, vocational education and compensatory education as well as for general operating purposes.

Governor's Proposal

Under the governor's proposed amendment "the levy of general ad valorem taxes for general elementary-secondary public school operation purposes, as defined by law, shall be prohibited" . . . "except that up to 6 mills may be imposed for enrichment purposes with voter approval." The governor's proposal also provides that not to exceed 4½ mills may be imposed "for intermediate school district, vocational education, special education and compensatory education purposes, as defined by law." The governor's proposal exempts community college districts from the constitutional millage limitations and subjects them to tax limitations provided by charter or by general law. The governor's proposal authorizes a statewide property tax of not to exceed 26 mills on business property for public education operating purposes which would be in addi- to the other property taxes authorized.

Local and Intermediate Schools. Under the governor's proposal the present levy of operating millage for local school district operating purposes and intermediate school districts (estimated 25 mills in 1970 and 25.86 mills in 1971) would be replaced with an overall limit of not to exceed 10½ mills. Of this overall limit of not to exceed 10½ mills, up to 4½ mills could be levied without voter approval for intermediate school district and vocational, special and compensatory education purposes as defined by law and up to 6 mills could be levied with voter approval for elementary and secondary public school district program enrichment purposes. The proposed amendment provides that the 6 mills for enrichment purposes shall be "equalized by law." This would provide a state guaranteed yield per mill per pupil for the 6 mill enrichment tax with the state making up the difference between the guaranteed yield and the actual yield.

The governor's proposal would result in a net reduction in the state average tax rate of a minimum of 15.36 mills (25.86 minus 10.50) in present locally levied "school" property taxes and the reduction would be greater if the legal maximum levy of 10½ mills under the proposed constitution were not utilized. For example, if the statewide average levies for specialized education purposes were 3 mills (two-thirds of the 4.5 mills maximum) and for elementary-secondary enrichment were 2.00 mills (one-third of the 6 mill maximum) the average reduction in school property taxes would be 20.86 mills (25.86 minus 5).

The maximum average reduction in locally levied education millage under the governor's proposal would be 25.86 mills assuming no property tax levies for enrichment or for the specialized education purposes. Since intermediate districts are now levying an average state tax rate of 1.15 mills and since under the governor's proposed distribution formula a number of school districts would apparently have to levy at least a part of the 6 mills for enrichment in order to maintain their present level of expenditure per pupil, it does not appear that the maximum potential reduction could be realized.

It should be noted that the figures cited above are based on statewide averages. The actual operating millage imposed by the more than 600 local school districts varies widely from a low of 3 mills to a high of 37.9 mills in 1971 so that the size of the millage reduction would vary greatly.

Community Colleges. The millage imposed for community colleges (state average rate of 0.75 mills in 1971) would not be subject to the constitutional millage limitations under the governor's proposal, but would be subject to statutory or charter limitations. Under present law community college districts can levy up to 5 mills with voter approval. Under the governor's proposal the legislature could determine the millage limitations for community colleges and whether or not they would be subject to approval by the voters.

Business Property tax for School Operations. The governor's proposed constitutional amendment adds a new provision which would permit the legislature to "levy for public education operating purposes a uniform statewide general ad valorem tax on real and tangible personal property not now exempt at a rate not to exceed 26 mills on the proportion of true cash value thereof provided by law pursuant to Article IX, Section 3 of this constitution, provided that property used for residential purposes and property used for agricultural purposes, as defined by law, and property included under Article IX, Section 4 shall be exempt."

This portion of the amendment would authorize the legislature to impose a statewide property tax of up to 26 mills on business property for public education operation purposes. Assuming that the definitions of "residential" and "agricultural" property that are exempt from this tax are similar to the definitions used by the state tax commission, the base of this tax would be commercial, industrial and utility property. In 1971 the state equalized value of commercial, industrial and utility property was $18.71 billion which represented 45 percent of the total state equalized value. A 26 mill tax on such property would yield about $487 million.

The present constitution, Article IX, Section 3, provides that all property that is not exempt from the general ad valorem property tax is subject to the uniform rule of taxation. Under the present Michigan property tax laws all classes of property (residential, commercial, industrial, etc.) subject to the ad valorem property tax are required to be uniformly assessed at 50 percent of true cash value and all classes of property within a taxing jurisdiction are taxed at a uniform rate. The governor's proposed amendment provides for uniformity of assessments under the business tax property tax by providing that the tax be levied on the same "proportion of true cash value thereof provided by law pursuant to Article IX, Section 3," which under present law is 50 percent of true cash value. However, the proposed amendment authorizes a differential or non-uniform general ad valorem property tax rate, with residential and agricultural property subject to a not to exceed 26 mill constitutional limit and business property subject to an up to 52 mill constitutional limit.

The proposed amendment would increase the constitutional millage limitation on business property taxes from the present 50 mills for county, township and school purposes to 52 mills (26 mills general property tax plus 26 mills business property tax). For education operating purposes the governor's program provides for a total millage limit on business property of 36.50 mills (26 mills plus 6 mills enrichment plus 4½ mills for specialized education programs). In 1971 the estimated average state tax rate for education operating purposes was 25.86 mills.

The governor has stated that the not to exceed 26 mills property tax on business property authorized in the proposed constitutional amendment is an alternative to the value added tax recommended by the governor as a source of replacement revenues for the present levy of general ad valorem property taxes for school operating that would be eliminated under the proposed amendment. However, the proposed amendment does not limit the business property tax to replacement revenues or preclude the use of both the value added tax and the business property tax. The amendment simply restricts the use of the business property tax to "public education operating purposes." There is no mention in the constitution present or proposed of the value added tax. A value added tax could be imposed by the legislature without express constitutional authorization.

County and Township Property Taxes

The governor's proposed constitutional amendment also provides millage limitations for counties and townships. While under the present constitution counties and townships share with schools the 15-18 and 50 mill limits, under the governor's proposed amendment, counties and townships would have separate limitations for millage levied without voter approval (8 mills for counties and 1½ mills for townships) and would share up to 6 mills in taxing power with voter approval.

Counties

At present, the average state tax rate for county purposes is 6.23 mills, of which 5.60 mills is allocated within the 15-18 mill limit and 0.63 mills is extra voted. The millage allocated to the 83 counties within the 15-18 mill limit varies widely from a low of 4.2 mills to a high of 9.66 mills. Only one county (Gogebic - 9.66 mills) has an allocated millage that is higher than the 8 mills provided for in the governor's petition. The other 82 counties are allocated less than 8 mills. For 1971, the allocations to counties within the 15-18 mill limits were as follows:

Allocated Millage	Number of Counties
4.00 - 4.99	10
5.00 - 5.99	39
6.00 - 6.99	23
7.00 - 7.99	10
8.00 and over	1
Total	83

The governor's proposal would authorize counties to levy up to 8 mills without voter approval. This would provide additional taxing power to 82 of the 83 counties. As compared to the present state average tax rate imposed for county purposes allocated within the 15-18 mill limit of 5.60 mills, the proposed 8 mill limit would provide a 2.40 mill increase in county property taxing power. As compared to the total state average tax rate for county purposes (including both allocated and extra voted millage) of 6.23 mills, the proposed 8 mill authority would give counties as a group 1.77 mills of additional taxing power.

The proposed amendment also provides that with voter approval counties and townships together can impose an additional 6 mills of extra voted taxes "under procedures provided by law which shall include provisions for the allocation thereof." In 1970, a total of 46 of the 83 counties levied extra voted millage totalling $24.2 million. This represented an average state tax rate of 0.63 mills. The county share of the up to 6 mill extra voted millage would be determined by statute. Under the present constitution, counties share with townships and schools up to 35 mills in extra voted millage.

Townships

Under the governor's proposal, townships would be authorized to impose a 1.5 mill property tax and with voter approval a portion of the 6 mills in extra voted millage that is shared with the county. In 1970, townships levied $16.1 million in property taxes allocated within the 15-18 mill limits. This represents an average tax rate on the state equalized value of townships of 1.19 mills (levy ÷ township SEV). While the amount of millage allocated to townships within the 15-18 mill limit varies somewhat among the 83 counties (and in some cases varies within a county) in most counties (64) townships are allocated 1.00 mill. Thus, the governor's proposed 1.5 mills of property taxing powers for townships without voter approval would provide increased taxing powers to most townships. However, in ten counties the present allocation to one or more townships is 1.50 mills or greater.

Townships now levy $22.0 million in extra voted taxes, which represents an average tax rate on the equalized value of townships of 1.63 mills (levy ÷ township SEV). The

governor's proposal would authorize townships (together with counties) to impose up to 6 mills with voter approval.

The present total township tax levy is $39.0 million or an average tax rate on the equalized value of townships of 2.88 mills (1.19 allocated, 1.63 extra voted and 0.06 excess of roll). Under the governor's proposal, townships could levy 1.5 mills without voter approval and with voter approval such additional millage as is provided by law from within the up to 6 mill limit that is shared with counties.

THE GOVERNOR'S PROGRAM FOR STATE SUPPORT OF ELEMENTARY-SECONDARY EDUCATION

In addition to proposed changes in property tax limitations, the governor's initiative petition to amend the state constitution provides:

> The legislature shall establish a program of general state taxation and a method of distributing funds for the support of elementary and secondary public school districts to assure equal and quality educational opportunity for all students.

The governor has announced proposals to implement this portion of his proposed program. These proposals include a method of distributing state collected revenues to local school districts to provide funds for school operations and recommend sources of new or increased state taxes to provide replacement revenues for present local school operating millage. Neither the governor's proposed distribution formula nor his tax proposals have been submitted to the legislature in bill form to date. Thus, analysis of these proposals is based on the concepts and specifics presented by the governor.

The governor's proposals for financing elementary-secondary education include the following major elements:

1. Elimination of the present locally levied and collected property tax for elementary-secondary school operating purposes.

2. To provide replacement revenues the governor has proposed the adoption at the state level of an increase in the rate of the present state personal income tax and the adoption of a new state tax on business in the form of either a value added tax or a statewide tax on business property.

3. The state would assume the responsibility for financing basic elementary-secondary school operating costs under a foundation program with the state funds distributed to local school districts under a three-part formula that would provide state allocations for professional services, for non-professional services, and for non-salary costs.

4. Local districts could supplement or "enrich" the basic state foundation grant by levying up to 6 mills with voter approval for "elementary and secondary public school district program enrichment purposes, as defined and equalized by law." The state would equalize the yield of the enrichment millage by making up the difference between the actual yield per pupil and a fixed yield per pupil.

5. In addition to the foundation program, the state would also provide state aid to local school districts for transportation.

6. Up to 4½ mills could be levied "by any taxing unit" without voter approval to provide funds for "intermediate school district, vocational education, special education and compensatory education purposes, as defined by law."

7. The state will provide financing for pre-kindergarten programs for four-year olds.

Present Method of Financing School Operating Costs

Elementary-secondary educational services are provided by 624 local school districts to the 2.2 million children enrolled in public schools. In 1970-71, the latest year for which detailed information is available, total expenditures for elementary-secondary education were about $2.5 billion including operating, pension, building and site, and debt retirement costs. These expenditures were financed from local, state and federal revenues and from borrowing for building and site purposes.

Expenditures

Table 2 shows total expenditures in 1970-71 by local school districts plus pension and social security contributions paid directly by the state.

Table 2

Elementary-Secondary School Expenditures in 1970-71

	1970-71 Expenditures (Millions)		
General Fund			
Instruction			
Salaries	$1,274.5		
Other Instructional Costs	84.2		
Total Instruction		$1,358.7	
Other Current Expenditures[1]		431.4	
Total Current Expenditures			$1,790.1
Other General Fund Expenditures[2]			119.4
Total General Fund Expenditures			$1,909.5
Debt Retirement Expenditures			161.9
Building & Site Expenditures			261.4
Total Expenditures of Local School Districts			$2,332.8
Pension & Social Security Costs Paid by State			155.2
Total Expenditures for Elementary-Secondary Public Schools			$2,488.0

[1]Other current expenditures include administration, attendance, health, transportation, operation, maintenance and fixed charges.

[2]Other general fund expenditures include capital outlay, community services and student services.

Of this $2.5 billion total, expenditures for debt and for building and site purposes totalled $433.3 million, while general fund expenditures ($1,909.5 million) and pension and social security contributions ($155.2 million) totalled $2,064.7 million.

In 1970-71 local school districts spent $1,8 billion for current operating expenditures, which represented a statewide average operating cost of $822 per pupil. Current operating expenditures per pupil varied widely among the school districts. In the 527 K-12 districts, which enroll 99.4 percent of the total number of pupils, current operating expenditures ranged from a low of $541 per pupil to a high of $1,427 per pupil.

The governor's proposed program for education is directed primarily towards that portion of present expenditures that falls in the category of "current expenditures" which involved $1,790.1 million in local school district expenditures in 1970-71. It should be noted, however, that the financial reporting categories presently used do not fit the categories involved in the governor's proposed program.

The governor's program apparently does not specifically cover expenditures for "other general fund expenditures" of $119.4 million (capital outlay, community services and student services), for debt retirement ($161.9 million), for building and site expenditures ($261.4 million) or for pension and social security costs ($155.2 million).

Revenues

The total $2.5 billion expenditure for elementary-secondary schools is financed from a variety of revenue sources. Debt retirement fund expenditures are financed primarily by local property tax levies ($149 million in 1970-71), while building and site fund expenditures are financed primarily through sale of bonds ($208 million in 1970-71), earnings on investments ($25 million) and building and site fund property tax levies ($16 million).

General fund revenues of local school districts in 1970-71 totalled $1,878.4 million. Table 3 shows the major sources of general fund revenues in 1970-71 (see page 12).

State aid to local school districts plus state payments for pension and social security costs total $910 million and represent about 45 percent of the total revenues required for general purposes. Local property taxes provide $931 million or 46 percent. Federal aid accounts for about 4 percent of general revenues, while all other sources combined account for 5 percent.

Direct state aid to local school districts in 1970-71 of $754.8 million included $667 million in membership allowances and about $98 million in special categorical program grants (e.g., compensatory and special education, transportation, etc.). The state made a direct contribution of $155 million to fund school employees pension and social security costs. In 1970-71 direct state aid to local school districts (K-12) ranged from a low of $4 per pupil to a high of $621 per pupil, with a statewide average (mean) of $346 per pupil. State payments of pension and social security costs for local schools of $155 million represented an additional $71 per pupil in state aid.

The governor's proposals for changes in educational financing are specifically directed to that portion of local school district general fund revenues derived from the property tax for school operating purposes ($931.5 million in 1970-71, but see footnote Table 2) and from direct state aid ($754.8 million in 1970-71), or a total of $1.7 billion in revenues.

Table 3

General Fund Revenues of Local School Districts in 1970-71 by Major Sources

	Revenue (Millions)		
Local Sources			
Property taxes[1]	$931.5		
Tuition from patrons	5.5		
Revenue from revolving funds[2]	76.6		
All other local revenues	23.4		
Total Revenue from Local Sources		$1,037.0	
Intermediate Sources		3.4	
State Aid		754.8	
Federal Aid		81.0	
Gifts and Bequests		2.2	
Total General Fund Revenues of Local Districts			$1,878.4
Add State Aid for Pension and Social Security			155.2
Total Revenues for General Purposes			$2,033.6

[1]The $931.5 million reported by local school districts as property tax revenues includes collections from the current tax levy, collection of prior year taxes and interest and penalties on delinquent taxes. It also includes any taxes levied by local school districts for community college operations and for public library operations where the local school districts provide these services.

[2]Revolving fund revenue includes revenues from food services, book stores and student body activities.

The governor's proposals would apparently not specifically affect local district general fund revenues from tuition ($5.5 million), revolving funds ($76.6 million), other local sources ($23.4 million), federal aid ($81.0 million) or gifts and bequests ($2.2 million)--a total of about $190 million in present general fund revenues. The governor's program would not affect $157.8 million in debt retirement fund revenues. Present building and site fund income from sale of bonds would not be directly affected by the governor's proposals, but the present levy of $16.6 million in local property taxes for building and site fund purposes would apparently be prohibited unless such purpose is included within the millage permitted for "enrichment purposes." The governor has not proposed any change in the present system of state payment of all pension and social security costs for local school districts.

The Governor's Proposed Method of Financing Elementary-Secondary School Costs

The governor's proposals for education financing provide that the state would assume the primary responsibility for financing the current operating expenditures of local school districts through direct state grants to the local districts. This would replace the present system of financing current operating expenditures through a combination of local property taxes and state aid. While under the governor's proposal local school districts would be able to levy up to 6 mills in local property taxes with voter approval for school "enrichment purposes," the basic costs of operating local schools would be paid by the state. The governor has proposed state supported foundation programs to provide state funds for professional services, for non-professional services and for non-salary costs. In addition, the state would provide funds for transportation and for enrichment equalization.

Foundation Program for Professional Services

The governor has proposed that the state provide funds to local school districts to hire 47 professional employees per 1,000 pupils enrolled. Apparently "professional employees" would be defined as those with teaching certificates whether serving in teaching, administrative, supervisory or other special assignments. Local school districts would receive state funds only for professional employees actually employed, but not to exceed 47 professionals per 1,000 pupils. Thus, a district with 1,000 pupils that acuually employed only 40 professionals would receive reimbursement for 40, while a district with 1,000 pupils that had 50 professionals would receive reimbursement only for 47. Forty-seven professional employees per 1,000 pupils would provide a professional-pupil ratio of 1:21+.

Number of Professional Employees. In 1970-71 local school districts employed about 101,000 professional employees or a statewide average of about 46 professionals per 1,000 pupils. However, individual school districts vary widely in their professional-pupil ratio, ranging from a low of 30 professionals per 1,000 to a high of 70. The governor's proposal of state funding of 47 professionals per 1,000 pupils would make available to local districts enrolling over one-half of the students in the state the opportunity to increase the number of professional employees. In 1970-71, according to figures compiled by the executive office, 59 percent of the pupils in the state were attending school in districts with 47 or less professionals per 1,000 pupils. One-quarter of the pupils were enrolled in districts with 41 or less. Thus, under the governor's proposals districts enrolling 59 percent of the pupils would receive state funds to enable them to increase or maintain the number of professional employees per 1,000 pupils. These districts employed about 55,000 professionals in 1970-71 and under the governor's proposal would receive state funds to hire up to about 61,000, an increase of about 6,000 professional employees.

Since under the governor's proposal the state would provide reimbursement for a maximum of 47 professional employees per 1,000 pupils, local districts with more than 47/1,000 would not receive state reimbursement for professional employees in excess of the 47/1,000 ratio. In 1970-71 about 41 percent of the pupils in the state were enrolled in districts employing more than 47 professionals per 1,000 pupils. In 1970-71 these districts employed about 46,000 professionals, while under the governor's proposal they would receive state reimbursement for about 42,000 professionals, or 4,000 fewer than were employed in 1970-71. If these districts wished to continue to provide more than 47 professionals per 1,000 pupils (or if any of the other districts

wished to provide more than 47/1,000), they could do so with voter approval by using the local millage that would be authorized for "enrichment purposes" under the governor's program.

The governor's proposal would provide state foundation support for a total of about 103,000 professional employees, a net increase of about 2,000 over the 101,000 professionals actually employed in 1970-71. However, it should be noted that while exact data are not available, the approximately 101,000 professional employees in 1970-71 included 2,000 or more paid for by special federal program grants and about 99,000 paid from state and local funds. Federal grant programs normally prohibit the substitution of federally funded employees for those financed from state and local funds, since the federal grants are designed to supplement rather than supplant state-local efforts. Thus, the 99,000 professional employees financed from state and local funds in 1970-71 represented a statewide average of about 45 per 1,000 pupils. If the governor's program provides funding for 47 professionals per 1,000 pupils from state funds alone (excluding federally financed positions), it appears that the net increase in state funded positions would be about 4,000 (an increase from 99,000 to 103,000) instead of the approximately 2,000 net increase projected. If it is arbitrarily assumed that three-fourths of the federally funded positions are in districts with less than 47 professionals per 1,000 pupils and one-quarter are in districts with more than 47/1,000, the total number of professional employees and the increase under the governor's program might approximate the following:

Table 4

Estimated Number of Professional Employees in 1970-71 and 1971-72*

	1970-71 Estimated	1971-72 Governor's Program Projected	Increase
In districts with less than 47 professionals per 1,000 pupils			
State (local) funded	53,500	61,000	+7,500
Federally funded	1,500	1,500	--
Total	55,000	62,500	+7,500
In districts with more than 47 professionals per 1,000 pupils			
State (local) funded	45,500	42,000	-3,500
Federally funded	500	500	--
Total	46,000	42,500	-3,500
Total--All districts at 47/1,000 state funded positions			
State (local) funded	99,000	103,000	+4,000
Federally funded	2,000	2,000	--
Total	101,000	105,000	+4,000
Add positions funded from local enrichment millage to maintain present staff in districts over 47/1,000	--	+3,500	+3,500
Total	101,000	108,500	+7,500

*See text for basis of estimates.

As shown in Table 4, when the estimated number of federally funded professional employees is excluded, an increase of about 7,500 professional employees financed from state funds would be required to bring districts with less than 47 professionals per 1,000 pupils up to that level. State foundation support of about 103,000 professional employees would be required to maintain a ratio of 47 professionals per 1,000 pupils in all districts, which is an increase of about 4,000 positions over the number financed from state and local funds in 1970-71. If districts with more than 47/1,000 in 1970-71 maintain their present staffing level an additional 3,500 professionals would have to be financed from local millage for enrichment purposes.[1]

Reimbursement Allowance. The governor's program provides that the reimbursement to local school districts for up to 47 professional employees per 1,000 pupils would be based on a professional service allowance. The professional service allowance would vary among districts to reflect both regional variations in salary levels and differences in the experience and training of the professional employees of the various school districts. Salaries now paid by local school districts reflect both regional differences and experience-training differentials.

Under the governor's proposal the present 59 intermediate school districts would serve as "regions." In order to determine the professional allowance reimbursement in the first year of the program the average salary paid professional employees in each school district within each region in the prior year would be adjusted by the experience and training of the professional employees of the district to determine the highest average base salary within each region. The highest average base salary paid by any district within the region in the prior year would provide the base professional allowance for all the districts within the region for the next year. The reimbursement to each district within the region would be the base professional allowance adjusted by the experience-training factor of its professional employees. In addition, the governor's proposal would provide for an additional 5 percent of base salaries to cover the costs of fringe benefits, extra-duties, and substitute teachers.

Thus, in the first year under the proposed program the district within each region paying the highest average base salary in the prior year would not receive any increase in the funds available for professional services, but would receive from the state a grant to cover its existing professional services costs (up to 47 professionals per 1,000 pupils). All the other districts within the region would be brought up to the level of the highest district in the region.

For example, if the highest average base salary paid to professionals by any district within Region I in the prior year were $12,000 paid by District C, each district in the region would receive $12,000 per professional employee weighted by the experience-training factor of its employees as its first year allowance. If District A in Region I had 100 professionals (no more than 47/1,000 pupils) with an average experience-training factor of 1.10[2] times the state average, it would receive a reimbursement of $13,200 per professional employee ($12,000 x 1.10), or a total of $1,320,000 for its 100 professionals. In addition, it would receive an additional 5 percent of base salaries (before adjustments) to cover fringe benefit and other costs. Thus, the total state allowance to District A for professional service would be $1,380,000 ($1,320,000 plus $60,000 for fringe benefits). If District B in

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[1] Assuming that 500 of the 4,000 professionals employed in excess of the 47/1,000 ratio are financed from federal funds, leaving 3,500 to be financed from enrichment millage

[2] The professionals in this district have 10 percent more experience-training than the average in the state.

Region I had an experience-training factor for its 100 professional employees of 0.90 of the state average it would receive $10,800 per professional ($12,000 x 0.90) or a total of $1,080,000 plus $60,000 for fringe benefits and other costs.

In 1970-71 the average adjusted salary of professional employees statewide was about $11,000. The highest average base salary paid professional employees in the 59 regions (intermediate districts) ranged from about $9,000 to about $13,000.

After the first year under the new program, the professional salary allowance for each region would be established by the legislature. Presumably the legislature would annually authorize such cost-of-living or other increases in the professional salary allowances as it deems necessary. If the legislature wished to do so it could reduce the differential among the regions by annually granting varying percentage increases in the professional salary allowances for each region.

The professional salary allowance paid by the state to each local school district would be paid in a lump sum to the district. The local district would retain the responsibility for hiring employees, for collective bargaining, and for establishing salary levels and schedules within the limits of the total professional service allowance paid to the district. The local district would be precluded, however, from increasing total expenditures for professional salaries above the total amount provided by the professional service allowance.

Total Cost of Professional Service Allowance. Figures released by the governor's office show that in 1970-71 professional service costs were $1,216 million and project that under the governor's program these costs would have been $1,330 million in 1971-72, an increase of $114 million. The governor's office estimates that $1,330 million would be the cost of raising salaries in each district to the highest average base salary within the region and of providing state financing for 47 professionals per 1,000 pupils in all districts within the state.

However, as previously noted the 1970-71 cost figure includes about 2,000 professional employees financed from federal funds at a cost of about $22 million. Thus, the increase in costs financed from state funds would be about $136 million instead of $114 million.

The $1,330 million of state foundation support for professional service would provide about 103,000 professional employees (47 per 1,000 pupils), or about 4,000 more than were financed from state-local funds in 1970-71. If the districts employing more than 47 professionals per 1,000 pupils wished to maintain their present staffing levels, financing would have had to be provided from voter approved local millage for enrichment purposes (equalized by the state). This would add about $39 million to total costs.

Thus, the combined state and local cost for professional services in 1971-72 under the governor's program would have been about $175 million higher than the state-local costs in 1970-71.

Non-Professional Service Allowance

The governor's program would also provide state funds to local school districts to cover the costs of non-professional personal services performed by clerical, custodial, maintenance and other non-certified personnel. This allowance for each district would be based on a percentage of the professional service allowance of that district.

The governor has proposed that the non-professional service allowance be 20 percent of the professional service allowance for salaries before adjustments for the experience-training factor or the additional 5 percent allowance for fringe benefits. Thus, a district with a base professional service allowance of $1,200,000 (before adjustments) would receive from the state $240,000 for non-professional services. The governor's staff estimates that the cost of the non-professional service allowance would total about $242 million. This is about $22 million more than local districts spent for non-professional services in 1970-71.

Non-Salary Costs

The governor has proposed that the state provide funds to local districts to cover non-salary costs (materials, supplies, textbooks, heat, light, etc.) on the basis of $100 per pupil. This would have required a state payment of about $222 million in 1971-72, which is $17 million more than the cost in 1970-71.

Pre-Kindergarten Programs

The governor is proposing that the state provide financing to local districts for pre-kindergarten programs for four-year old children. The costs of this program are included in the cost projections for professional service, non-professional service and non-salary cost allowances. Four-year olds enrolled in pre-kindergarten programs, which would be half-day programs, would be counted as one-half pupil and pupils enrolled in kindergarten would also be counted as one-half pupil. Since kindergarten pupils are now counted as a full pupil in enrollment figures (even though they attend only one-half day), the total count of the number of pupils enrolled would not increase by adding to the count four-year olds enrolled in pre-kindergarten programs, if both kindergarten and four-year olds are counted as one-half. In fact, the total count of pupils enrolled would probably decrease since the number of four-year olds enrolled would probably be less than the number now enrolled in kindergarten. This would tend to reduce state costs below the projected levels.

Transportation

The governor has proposed that the state assume responsibility for funding transportation services provided by local school districts. Local districts would operate the transportation services, but the state would presumably provide funds only for state approved transportation services. In 1970-71 local school districts reported expenditures of $63 million for transportation services with the state providing about $28 million of this amount in state aid. The governor's staff has estimated the cost of providing transportation services in 1971-72 under the governor's program at $70 million.

Program Enrichment

The governor's proposed constitutional amendment to Article IX, Section 6 of the constitution provides that "under procedures provided by law any school district may impose in any one year not to exceed 6 mills for elementary and secondary public school district program enrichment purposes, as defined and equalized by law, if approved by a vote of a majority of the qualified electors of the school district voting thereon." Draft legislation to implement this up to 6 mills local property

tax levy has not yet been submitted. Since the "enrichment millage" provides the only local tax source available for general operating purposes (as opposed to the special millage available for special, vocational and compensatory education programs), it appears that program enrichment purposes as defined by law might be defined rather broadly. The governor has stated that "school boards may use the enrichment funds in any manner they choose, except to raise the salaries of staff provided under the foundation program." The governor has indicated that such enrichment funds could be used to provide more than 47 professional employees per 1,000 pupils. As previously noted districts enrolling about 41 percent of the pupils in the state now have more than 47 professionals per 1,000 pupils and if they wish to maintain the additional professionals would be required to use enrichment millage.

Depending on the statutory definition of "enrichment purposes" districts might also use such funds to provide additional money for non-professional services or non-salary costs, or to meet the costs of items not covered by state allowances. For example, many districts now subsidize food services, student services, summer school and adult evening education programs or provide capital outlay funds out of current revenues. Since the governor's proposal does not provide state funding for these costs, local districts might use enrichment millage for such purposes. Also, a number of school districts have existing budgetary deficits and unless some other provision is made for funding such deficits, enrichment millage might be used for this purpose. The proposed constitutional amendment simply provides that "enrichment purposes" be defined by law.

The proposed constitutional amendment also provides that the up to 6 mills for enrichment purposes is to be "equalized by law." The governor has proposed that the state guarantee a minimum yield of $30 per pupil per mill in order to equalize among school districts the funds available for enrichment purposes. Thus, a district with a state equalized value per pupil of $10,000 would still receive a total of $30 per pupil for each mill levied under the enrichment program with the state making up the $20 difference between the actual yield of $10 per mill and $30. A district with a S.E.V. of $25,000 per pupil would also receive $30 per pupil per mill with the state making up the $5 difference between the actual yield of $25 per mill and $30. Districts with a S.E.V. of $30,000 or more per pupil would retain all of the local levy, but would not receive any state funds for enrichment purposes.

The extent to which local districts will use the up to 6 mills local property tax for enrichment purposes cannot be predicted. In 1971-72 total state equalized valuation is $41.6 billion and public school enrollment is 2,212,977. The statewide average S.E.V. per pupil is $18,815. If every district in the state were to levy the full 6 mills it would yield about $250 million and the guaranteed minimum yield of $30 per pupil per mill would require about $150 million in state supplementation, which would make a total of $400 million potentially available for enrichment purposes.

The executive office has included in their cost projections about $50 million in state funds to provide the state portion of enrichment millage. This would assume that the statewide average levy for enrichment purposes would be about 2 mills, or a yield from the enrichment property tax of $83 million. On a statewide average basis the state supplement to bring the yield up to $30 per mill would be about $11.20 per pupil per mill or a total state supplement of about $50 million if the statewide average enrichment millage is 2 mills ($11.20 x 2 x 2,213,000). Based on this projection of the governor's office, about $133 million might be utilized for enrichment purposes in the first year (or first few years) out of a potential maximum of $400 million.

Categorical Program Support

The governor's proposed constitutional amendment authorizes up to a 4½ mill property tax levy without voter approval "by any taxing unit for intermediate school district, vocational education, special education and compensatory education purposes, as defined by law...." This would provide for a property tax levy of up to $88 million (4.5 mills x $41.6 billion S.E.V.) for these purposes. These property taxes could be levied as provided by law "by any taxing unit" which presumably would include the state, intermediate school districts or local school districts.

While the details of the proposed financing of these categorical education programs would have to be spelled out by statute, it appears that the governor's program contemplates that the financing of the extra costs of these programs would be entirely from the up to 4½ mill property tax levy, since no extra state costs for these programs are presented in the governor's program. Pupils enrolled in vocational, compensatory and special education programs would be included in total enrollment figures and the state would provide the regular professional and non-professional service and non-salary costs allowances. Thus, a maximum of $138 million from the property tax would be available to finance the extra costs involved in vocational, special and compensatory education programs and the operating costs of intermediate school districts. For 1971-72 the state has appropriated about $90 million in special categorical program grants for vocational, special and compensatory education and for intermediate school districts. In addition, intermediate school districts in 1971-72 levied about $48 million in property taxes for special and vocational education programs and for interemdiate school district operating purposes. In addition to the combined state-intermediate cost of $138 million local school districts also allocate some local revenues to these categorical programs, but the amounts are not separately reported. Thus it appears that a sizeable portion of the up to 4½ mills for categorical programs would have to be levied to maintain present program levels.

Summary of Costs of the Governor's Program

It is very difficult to estimate the costs of implementing the governor's proposed education reform program. The governor's program departs from the present system of classifying school district expenditures and it is difficult to reconcile present costs with costs under the proposed program. In addition, in several areas the costs of the governor's proposals cannot be estimated from available data. The governor's proposals also provide considerable discretion in certain program areas, such as local millage for enrichment purposes. Finally, there are several basic features of the governor's program that might have significant future cost implications.

The governor's office has prepared figures showing the estimated costs of the several components of the governor's program in 1971-72 as compared to actual expenditures for comparable items in 1970-71. It should be noted that these estimates for 1971-72 are <u>state</u> costs only and do not include <u>local</u> costs financed from millage for enrichment or categorical program purposes. These governor's office estimates as shown below:

Table 5

Governor's Office Estimates of
"Cost of Providing Quality Education"
(In Millions)

	1970-71 Estimates	Proposed Program 1971-72	Increase
Professional Services	$1,216	$1,330	+$114
Non-Professional Services	220	242	+ 22
Non-Salary Costs	205	222	+ 17
Enrichment Equalization	-0-	50	+ 50
Transportation	63	70	+ 7
Total	$1,704	$1,914	+$210

The governor's staff has estimated that implementation of the program in 1971-72 would have cost $1,914 million in state funds, an increase of $210 million over the estimated state-local expenditures for these same components in 1970-71. The governor's staff estimates that since costs under the present system would have risen by about 10 percent in 1971-72 or $170 million without any change in the basis of support, the net increase in costs attributable to implementation of the governor's program is only about $40 million.

The costs shown in Table 5 cover state costs for the items shown. It was previously noted that the estimate of the increase in the cost of professional services would be at least $22 million higher than the figure shown, or about a $136 million total increase, as a result of federally funded positions having been included in the 47/1000 ratio. Also, a $160 million increase in professional and non-professional salary costs would increase state costs for the payment of pensions and social security by about $18 million annually. Inclusion of these two items would make the total state cost increase about $250 million. The cost estimates do not include any state funding of the costs of special, vocational and compensatory education that are in addition to the regular costs covered by the foundation program. Presumably this would be financed from the special four-and-one-half mill property tax earmarked for these purposes in the proposed constitutional amendment.

The $50 million included in the governor's estimates as the state cost of enrichment equalization would provide for a combined total of state and local funds for enrichment purposes of about $133 million ($83 million from a state average rate of 2 mills local enrichment millage and $50 million in state matching). Between $40 and $50 million of this total would be required to maintain present professional staffing levels in districts with more than 47 professionals per 1,000 studients, but this would leave about $90 million for other enrichment purposes. The $83 million from local enrichment millage is not included in the cost estimates shown in Table 5.

It should also be noted that the governor's cost estimates do not purport to be <u>total</u> cost estimates, since they do not include local costs financed from enrichment or categorical program millage or costs financed from local non-tax general fund revenues which totalled about $110 million in 1970-71 including federal aid and other non-tax revenues, but excluding revolving fund revenues. The cost

estimates also do not include the state cost for pension and social security which was $155 million in 1970-71.

The total cost of financing public elementary-secondary education operating costs (excluding debt and building and site) under the governor's program can be estimated by starting with present costs and adding to them the cost increases resulting from implementation of the governor's program. Since present operating costs include the costs of providing special education, vocational education and compensatory education programs and the costs of all professional personnel now employed including those employed in districts that now have more than 47 professionals per 1,000 pupils, no additional costs need be shown for maintaining these at present levels. Table 6 presents total cost estimates prepared by the Research Council.

Table 6

Estimates of Total Operating Costs of Elementary-Secondary Public Education Under the Governor's Program in 1971-72
(In Millions)

Current Operating Expenditures in 1970-71		
Local School Districts	$1,790	
Intermediate School Districts	34[a]	
State Pension and Social Security Costs	155	
Total Present Costs		$1,979
Added Costs of Implementing Governor's Program		
Professional Service Allowance	$ 136	
Non-Professional Service Allowance	22	
Non-Salary Costs	17	
Pre-Kindergarten	-0-	
Transportation	7	
Increased Pension and Social Security Costs	18	
Total Added Costs		$ 200
Total Minimum Operating Costs of Elementary-Secondary Public Education Under Governor's Program		$2,179
Costs of Providing New or Improved Services in Addition To Those Shown Above		
Local Program Enrichment	?	
Enrichment of Present Categorical Programs	?	
Total		$?

[a]Excludes transfers to local school districts.

The figures in Table 6 suggest that total operating costs for elementary-secondary education under the governor's program would have been a minimum of $2,179 million in 1971-72, which is $200 million more than actual expenditures in 1970-71. The costs of any new or improved services in the categorical programs or for enrichment would be in addition to the minimum operating costs shown.

Given the previously stated limitations in estimating the costs of an education program such as that proposed by the governor, it appears that implementation of the governor's program would increase costs in the first year by a minimum of $200-$250 million as compared to the costs in the preceding year. The increase in local school district current operating costs excluding pensions under the present financing system has ranged between $150 and $220 million annually in each of the past five years.

The projected $200-$250 million increase in first year costs is predicated upon the details of the governor's program as presented. One of the key cost figures is the professional service reimbursement allowance based on the highest average base salary in each of the 59 intermediate school districts. Since many of the intermediate school districts consist of a single county, the present variations among them in the highest average base salary paid within each intermediate school district may not reflect "regional differences" in salary levels. The present differences among the several intermediate districts within the same metropolitan area are sizeable. Any decision to combine intermediate districts into broader regions and to bring the salaries of all local districts within the broader region up to the level of the highest district within the broader region would add significantly to the costs of implementing the program.

The proposal for the state to pay professional service allowances that vary among the intermediate districts also has long-term cost implications. If there is a tendency over time to equalize these at the highest level it will add significantly to costs.

The proposal for local millage for enrichment purposes of up to 6 mills will also have long-term cost implications. If the full 6 mills were utilized by all districts, enrichment programs would add about $400 million in school operating costs. Also, at the point at which a substantial number of districts have exhausted the 6 mills, there will be increasing pressure for additional state funds to be added to the enrichment program or to the foundation program or to both.

The Governor's Revenue Proposals

The governor has proposed major changes in the revenue sources used to finance elementary-secondary school operating costs. The governor's proposed constitutional amendment would eliminate the present locally levied property tax for school operating purposes, which amounted to $990 million in 1970-71 and an estimated $1,108 million in 1971-72. The governor has recommended that this local revenue be replaced by new or increased state level taxes imposed on individuals and on business in the same proportion as they now pay in local property taxes for school operating purposes.

Since business property (commercial, industrial and utility) now represents about 45 percent of the local property tax base, the governor has proposed that state business taxes be increased by about $500 million (45 percent of $1.1 billion) to provide replacement revenue and that state taxes on individuals be increased by about $600 million to cover the reduction in property taxes on residential and agricultural property.

Taxes on Business

To provide the $500 million in replacement revenue for the local school property tax on business property, the governor has proposed two alternative new state taxes on business--a state value added tax or a statewide property tax on business property.

The state value added tax proposed by the governor as a source of replacement revenue for local school operating property taxes paid by business has not yet been submitted in bill form. While details of the proposal are not yet available, it appears that the proposed value added tax would be imposed on the gross receipts of a business minus the amounts paid for goods and services to other businesses. In effect, the "value added" by a business includes its payroll and fringe benefit costs, net income before deduction of federal, state and local taxes, interest paid and, possibly, depreciation depending on the treatment of capital acquisitions. The tax would be imposed on the value added that is apportioned to Michigan on a three-factor formula. The tax would apply to both incorporated and unincorporated business. The governor's office has estimated that a value added tax at about a two percent rate would be needed to provide $500 million in replacement revenues for the present local property taxes paid by business for school operating purposes. While the total of $500 million in taxes paid by business might remain about the same under a value added tax as compared to present local property taxes for school operating purposes, there would be considerable shifting of tax impact among various businesses. The shifting would be both geographical and by type of industry. Geographical shifting would result from the present wide variations in school operating millages and shifting by types of business would occur as a result of the differences in the amount or proportion of value added by various types of business in relation to the property taxes paid.

The governor's proposed constitutional amendment would permit the legislature to levy for public education operating purposes a uniform statewide general ad valorem tax on business property at a rate not to exceed 26 mills. The governor has indicated that the authorization for a business property tax contained in the proposed amendment is to provide an alternative source of replacement revenue for present local school taxes on business property in the event the proposed value added tax is not enacted by the legislature. It should be noted that the business property tax and

the value added tax are not mutually exclusive alternatives--either or both could legally be enacted by the legislature if the proposed amendment is adopted. The proposed amendment specifically exempts residential and agricultural property from the tax. A statewide 26 mill tax on business property would have yielded about $487 million in 1971. In effect, under this proposal, the present local property tax for school operating purposes would be repealed and a new state property tax imposed on business property. Since the statewide average local property tax for school operating purposes is about 26 mills (25.68 mills in 1970, 26.61 estimated in 1971), the proposed state property tax of 26 mills would provide replacement revenues for the present local property tax for school operating purposes paid by business property. It should be noted, however, that there would be a considerable shifting of the property tax burden among individual businesses, since the present local school operating tax rates vary from 3 mills to 37.9 mills. At the extremes, one business might pay 23 mills more in property taxes and another almost 12 mills less.

Tax on Individuals

The governor has proposed that the $600 million in local property taxes for school operating purposes now paid on residential and agricultural property be replaced by increasing the state personal income tax. The governor's office has estimated that an increase in the present 3.9 percent personal income tax rate to about 6.2 percent, an increase of about 2.3 percentage points, would be required to raise the $600 million.

The governor's proposed constitutional amendment also provides, "notwithstanding any limitations as to rate or amount that may be imposed in this constitution with respect to an income tax, such limitation may be exceeded, as provided by law, to provide funds for the support of public education." This provision in the governor's proposed amendment is apparently intended to nullify or override the limits on income tax rates included in another constitutional amendment being proposed by initiative petition, at least insofar as the use of the state income tax to finance public education is concerned. The proposal to place in the constitution limits on income tax rates (the so-called "Huber amendment") would amend Article IX, Section 7 of the constitution, which prohibits graduated income taxes, by placing a ceiling on state (and on local) income tax rates. The Huber amendment proposes ceilings of 2.6 percent on the state personal income tax rate, 5.6 percent on corporations, and 7.0 percent on financial institutions. These are the rates that were in effect prior to the rate increase effective August 1, 1971, which increased the state income tax rates to 3.9 percent on individuals, 7.8 percent on corporations, and 9.7 percent on financial institutions.

The provision in the governor's proposed constitutional amendment is apparently designed to override any limits that may be imposed on income tax rates to permit increases to provide funds for the support of public education. If both the governor's proposed amendment and the proposed Huber amendment were voted on at the same election, it should be noted that Article XII, Section 2 of the constitution provides that "if two or more amendments approved by the electors at the same election conflict, that amendment receiving the highest affirmative vote shall prevail."

The attorney general has been asked for an opinion as to whether the portion of the governor's proposed constitutional amendment authorizing an income tax for the support of public education "notwithstanding any limitation as to rate or amount that may be imposed in this constitution" might be construed to amend or abrogate the present constitutional prohibition against a graduated income tax. Article IX, Section 7 of the constitution provides, "No income tax graduated as to rate or base

shall be imposed by the state or any of its subdivisions." The governor's office has stated that this was not its intent and has obtained opinions from its own and from independent legal counsel that the proposed amendment would not permit a graduated income tax. The attorney general has not rendered an opinion as of March 7, 1972.

Total Additional Taxes

The governor's proposals for an increase in the personal income tax and for either a value added tax or a statewide property tax on business property are designed to provide about $1.1 billion in replacement revenue for present local property taxes for school operating purposes of about $1.1 billion.

The use of an increase in the personal income tax rate paid by individuals and a value added tax or statewide property tax on business would create some complexities since "individuals" and "businesses" are not mutually exclusive categories insofar a either the income tax, the value added tax, or the property tax are concerned. Busi nesses and business property are owned by individuals as well as by corporations, an corporations as well as individuals own residential and agricultural property.

The $1.1 billion in new state revenues for replacement tax purposes proposed by the governor, together with the present state revenues used for financing elementary-secondary education of about $1,050 million in 1971-72, would provide total availabl state funds of about $2,150 million. Table 7 shows the source of these revenues.

Table 7

Source of Revenues to Finance State Costs of Governor's Education Reform Program

		Estimated Revenue 1971-72 (in millions)
Present State Revenues for Elementary-Secondary Education:		
School Aid Fund Earmarked Revenues		
Sales Tax	$434	
Cigarette	23	
Liquor	13	
Total School Aid Fund		$ 470
General Fund-General Purpose Revenues Appropriated to School Aid Fund		579
Total Present State Revenues		$1,049
Proposed Additional State Revenues for Replacement Purposes		
Value Added Tax or Business Property Tax	$500	
Increase in Personal Income Tax	600	
Total Proposed Revenues		$1,100
GRAND TOTAL STATE REVENUES		$2,149

This would provide sufficient state revenues to meet the estimated state share of costs of the governor's program, as shown in Table 8.

Table 8

Estimated State Costs of Financing Elementary-Secondary Education in 1971-72 Under Governor's Program

(In Millions)

Professional Services	$1,352	
Non-Professional Services	242	
Non-Salary Costs	222	
Enrichment Equalization	50	
Transportation	70	
Sub-Total		$1,936
Pension and Social Security Costs		173
TOTAL STATE COSTS		$2,109

It should be noted that the estimated state cost of $2,109 million does not include state financing of special, vocational and compensatory education programs and intermediate school districts. The added costs of these programs would presumably be financed from the up to 4½ mill property tax authorized in the proposed constitutional amendment. However, the projected $2,109 million state cost includes $50 million for enrichment equalization which, together with the local revenue from an average local enrichment millage of two mills, would make additional money available for education expenditures. Thus, it appears that the governor's proposals for replacement revenues together with the present state revenues used for elementary-secondary education operating costs would provide sufficient state revenues to finance the state's share of elementary-secondary education operating costs under his proposed program.

A COMPARISON OF THE GOVERNOR'S PROPOSED CONSTITUTIONAL AMENDMENT WITH THE MICHIGAN DEMOCRATIC PARTY PROPOSAL

The Michigan democratic party has also proposed a constitutional amendment to be placed on the ballot by initiative petition. The democratic party proposal would replace the present constitutional millage limitations with new property tax limitations; prohibit, with exceptions, the levy of local property taxes for public school operating purposes; provide for general state taxation to support elementary-secondary school districts and establish constitutional guidelines for the distribution of such funds; prohibit the levy by the legislature of a flat rate statewide income tax on individuals and provide for a graduated income tax rate structure in the constitution. While the constitutional amendment proposed by the democratic party contains property tax provisions that are similar to but not identical with those proposed by the governor, the democratic party proposal also contains a number of provisions not covered in the governor's proposed amendment relating to the distribution of funds to local school districts and to the graduated income tax.

Property Tax Limitations

With respect to property tax limitations the democratic party proposal as compared to the governor's proposal provides:

1. The overall millage limit for county, township and school operating purposes would be reduced from the present 50 mills to 26 mills, except on business property the new limit would be 52 mills. This is the same as the governor's proposal.

2. The levy of property taxes for school operating purposes would be prohibited under both the democratic party proposal and the governor's proposal except that both proposals authorize millage for specified school operating purposes.

   The millage limits for education purposes under the democratic party proposal is 11.5 mills on residential and agricultural property and 37.5 mills on business property, while under the governor's proposals the limits are one mill lower--10.5 and 36.5, respectively. The millage limits for education and the programs specified are as follows:

   a. Both the democratic party and the governor's proposals authorize the levy by local school districts of up to 6 mills as equalized by law for enrichment purposes with voter approval. The democratic party proposal specifies that such millage could be used for enrichment as defined by law of both general and categorical elementary-secondary school programs, while the governor's proposal provides simply that "enrichment" shall be defined by law.

   b. The democratic party proposal specifically authorizes millage for intermediate school districts of not to exceed 1 mill, which can be levied without voter approval. Under the governor's

proposal millage for intermediate school districts would come from within the 4.5 mills authorized for categorical programs (see item "c" below).

c. Both the democratic party and governor's proposals author ize an additional 4½ mills for education, but there are a number of differences between the two proposals.

(1) The democratic party proposal provides that the additional 4½ mills be used for enrichment of both categorical and general school programs, while the governor's proposal restricts the 4½ mills to categorical programs (special, vocational and compensatory education programs and intermediate school districts).

(2) The democratic party proposal requires voter approval of the 4½ mills while under the governor's proposal it could be levied without voter approval.

(3) The democratic party proposal provides that the 4½ mills could be levied by "any local or intermediate school district," while the governor's proposal provides that the 4½ mills could be imposed "by any taxing unit" which presumably includes the state.

(4) The democratic party amendment provides that the 4½ mills be equalized by law, while the governor's amendment does not provide for state equalization of the 4½ mills.

(5) The 4½ mills could be imposed (with voter approval) on or after January 1, 1974, under the democratic plan, while the governor's plan specifies January 1, 1973.

d. A 26 mill statewide property tax on business property would be authorized under both the democratic party proposal and the governor's plan for public education operating purposes The democratic party proposal specifies several additional requirements:

(1) The amount of the business property tax levied for the year 1973 shall be adequate to replace total revenues from property taxes locally levied on business property in calendar 1972 for elementary-secondary school operations.

While the amount of the calendar 1972 property tax levy on business property for the support of elementary-secondary school operations will not be known until early 1973, it is likely that it will

exceed 26 mills if the levies of both local and intermediate school districts are included. The property tax rate increased from an estimated 25 mills in 1970 to 25.86 mills in 1971. The 26 mill ceiling on the business property tax and the requirement that the business property tax levy "be adequate to replace total revenue from ad valorem taxes on property other than residential and agricultural levied locally during the calendar year 1972 for the support of elementary and secondary school operations" will be contradictory if the 1972 levy exceeds 26 mills.

(2) On or before January 1, 1975, the legislature shall levy a minimum of 4 mills of the statewide business property tax for distribution to local and intermediate school districts, with 2 of the 4 mills earmarked for the partial financing of vocational and technical education, and 2 mills earmarked for compensatory education.

If the legislature imposes the up to 26 mills business property tax for replacement purposes the 4 mills for categorical purposes would come from within the 26 mills. However, if the legislature does not use the business property tax for replacement purposes (and uses instead the VAT or some other tax), it appears that under the democratic party proposal there would be a constitutional mandate to the legislature to impose a state business property tax of at least 4 mills by January 1, 1975.

(3) While under both proposals the authorization for a state business property tax to provide replacement revenues for the local property taxes for school purposes is permissive ("the legislature may levy"), the intent of the democratic party proposal appears to be that the legislature impose the business property tax, while the governor has indicated a preference for a value added tax with the business property tax as an alternative.

(4) The democratic party initiative petitions specify that Article IX, Section 3, of the constitution, which establishes the uniform rule of property taxation, would be altered by the proposed amendment while the governor's initiative petitions do not so specify.

e. The democratic party amendment requires the legislature to provide property tax relief for renters as well as homeowners. The governor's amendment has no comparable provision.

3. The democratic party proposal and the governor's proposal provide identical limitations on the millage counties and townships could levy without voter approval--counties could levy 8 mills and townships 1½ mills. The democratic party proposal provides that with voter approval counties and townships could levy up to an additional 5 mills, while the governor's proposal authorizes up to 6 mills additional with voter approval.

4. Both the democratic party amendment and the governor's amendment continue the present exclusion from constitutional millage limitations of taxes levied for debt service and taxes imposed "by any city, village, charter county, charter township, other charter authority or other authority, the tax limitations of which are provided by charter or by general law."

   Both proposals add community college districts to this list of units of government that are exempt from constitutional millage limitations. The democratic party proposal extends the exemption to library authorities and to taxes imposed by school districts to support community college departments or public libraries.

Table 9 (see page 31) shows a summary comparison of the constitutional millage limitations under the democratic party proposal, the governor's proposal and the present limitations and actual average tax rates in 1970.

Distribution of State Funds to Local School Districts

Both the constitutional amendment proposed by the democratic party and the amendment proposed by the governor provide that, "The legislature shall establish a program of general state taxation and a method of distributing funds for the support of elementary and secondary public school districts to assure equal and quality educational opportunity for all students."

The democratic party amendment spells out some general constitutional guidelines for such distribution in order to "recognize that more than an equal amount of money is essential to provide many children with an equal educational opportunity." The amendment would require the legislature to:

1. Allocate funds for general educational operations in a manner that takes account of local or regional variations:

   a. in the cost of providing a given level of services per pupil;

   b. in the needed level of services per pupil; and,

   c. in the ability to provide services.

2. Assume full fiscal responsibility for the cost of funding special, compensatory, vocational and technical education programs established under state law. This proposal would add to state costs and revenue requirements as compared to the governor's plan which provides financing of categorical programs from the up to 4½ mills authorized for that purpose.

The democratic party proposal also contains a "grandfather" provision which provides that each district would receive sufficient support together with local taxes of up

Table 9

Summary Comparison of Millage
Subject to Constitutional Millage Limitations
Under Present Constitution, Governor's Proposed Amendment,
and Democratic Party Proposed Amendment[a]

	Present Constitution		Gov.'s Proposed	Dem. Party Proposed
	Legal Limit	Actual Avg. Rate in 1970	Legal Limit	Legal Limit
Millage Levied Without Vote of the People				
County	(	5.60	8.00	8.00
Township[b]	(15-18	1.19	1.50	1.50
School--education	(____	9.01	4.50	1.00[c]
Total	15-18	15.80	14.00	10.50
Extra Voted Millage				
County	(	0.63	(	(
Township[b]	(35-32	1.63	(6.00	(5.00
School--education	(____	16.67	6.00	10.50[c]
Total	35-32	18.93	12.00	15.50
Total Millage				
County	(	6.23	(	(
Township[b]	(50	2.82	(15.50	(14.50
School--education	(____	26.68	10.50	11.50[c]
Total for Non-Business Property	50	34.73	26.00	26.00
Business Property Tax for Public Education Operating Purposes	--	--	26.00	26.00
Total for Business Property	50	34.73	52.00	52.00

[a] The comparison shows only property taxes subjected to the present and proposed constitutional millage limitations and does not show property taxes specifically excluded from the limitations (see text).

[b] The millage rates shown for townships are those applicable to the state equalized value of property located within townships and do not apply to property within cities.

[c] One mill for intermediate school districts and 6 mills for enrichment would be authorized January 1, 1973; the remaining 4½ mills would be authorized January 1, 1974.

to 6 mills to enable it to maintain the highest expenditure per pupil for elementary and secondary school programs "as it provided during any of the three (sic) school years 1969-1972."

While the democratic party has proposed these constitutinnal guidelines for distributing state funds to local school districts, they have not (as of March 3, 1972) submitted specific proposals for a distribution formula. The governor's proposed constitutional amendment does not contain distribution guidelines, but the governor has proposed specific formulas for distributing state funds to local school districts, although the governor's proposals have not yet been submitted in bill form.

The democratic party proposed amendment contains a proviso, "The powers of local and intermediate school boards over educational policies and practices shall not be diminished by reason of the provisions of this section." The apparent intent of this provision is to indicate the neutrality of the proposed amendment with respect to local control of schools. Other sections of the constitution (Art. VIII, Secs. 1 and 2) already vest control of education in the state and the only powers possessed by local school districts are those delegated by the state legislature.

The Graduated Income Tax

The constitutional amendment proposed by the Michigan democratic party provides that, "from and after January 1, 1973, the legislature shall levy no flat rate statewide tax on the income of natural persons," requires that any such tax be graduated, prescribes a basic structure of graduated rates, and provides that the rates "may be decreased or increased by statute, but the same multiple shall be applied to all of them." The democratic party's initiative petitions state that the proposed amendment if adopted would alter Article IX, Section 7, of the present constitution which prohibits a graduated income tax. The governor's initiative petitions do not state that Article IX, Section 7 would be altered.

Thus, the constitutional amendment proposed by the Michigan democratic party would prohibit a flat rate statewide tax on the income of natural persons (i.e., individuals) and would require that any such statewide tax be graduated. This would apply to the present state income tax on individuals which is a flat rate tax of 3.9 percent as well as to any increase in the state individual income tax to provide replacement revenues for local school operating property taxes.

The amendment proposed by the democratic party alters but apparently does not repeal Article IX, Section 7, which provides that "No income tax graduated as to rate or base shall be imposed by the state or any of its subdivisions." Since the proposed amendment applies only to statewide taxes on the income of natural persons, it appears that the present prohibition against graduated income taxes would continue to apply to political subdivisions of the state (e.g., city income taxes) and to corporations.

In addition to requiring that any statewide income tax on individuals be graduated, the democratic party proposal sets forth a graduated rate structure. The graduated rate structure provided for in the amendment requires that the basic rate be 1/10 of 1 percent of the first $1,000 of taxable income and that the basic rate be increased by 1/20 of 1 percent for each successive $2,000 of taxable income through

$25,000. This provides a basic rate structure in the constitution graduated from 0.1 percent on the first $1,000 of taxable income to 0.7 percent on taxable income of $23,000 to $25,000. The amendment provides that the rates on taxable income above $25,000 could be no less than the rate on taxable income in excess of $23,000. This apparently would permit a rate of more than 0.7 percent to be imposed on income in excess of $25,000.

This basic rate structure would be multiplied by whatever multiple is required to produce the revenue that is desired. A multiple of 13 would be needed to produce revenues equivalent to the present 3.9 percent flat rate income tax according to the estimates prepared by the Michigan democratic party. This would require graduated income tax rates ranging from 1.3 percent on the first $1,000 of taxable income to 9.1 percent on taxable income in excess of $23,000. The democratic party proposal indicates that a multiple of 21 would provide revenues equivalent to those produced by the 6.2 percent flat rate tax under the governor's proposal. A multiple of 21 would provide graduated rates ranging from 2.1 percent on the first $1,000 of taxable income to 14.7 percent on taxable income in excess of $23,000.

Table 10 shows the basic graduated rate structure provided for in the amendment and the "multiples" and actual rates that would be required to replace the present 3.9 percent flat rate state income tax on individuals and the 6.2 percent flat rate tax that would be required under the governor's proposal to maintain present state revenues and provide replacement revenues for the reduction in property taxes on residential and agricultural property.

The proposed amendment also provides that the legislature may grant proportional or graduated tax credits, exemptions, exclusions or rebates.

The democratic party amendment and the governor's amendment contain similar wording with respect to overriding the "Huber" amendment. Both proposals authorize a state income tax for the support of public education to exceed any limitations as to rate or amount that may be imposed in any other section of the constitution.

Table 10

Graduated Income Tax Rates Under Democratic Party Proposed Constitutional Amendment

Taxable Income	(1) Basic Rate Structure	(2) Graduated Tax Rates Equivalent to 3.9% Flat Rate Tax (multiple of 13 applied to Col. 1)	(3) Graduated Tax Rates Equivalent to 6.2% Flat Rate Tax (multiple of 21 applied to Col. 1)
0-1,000	0.1 %	1.3 %	2.1 %
1,000-3,000	0.15	1.95	3.15
3,000-5,000	0.2	2.6	4.2
5,000-7,000	0.25	3.25	5.25
7,000-9,000	0.3	3.9	6.3
9,000-11,000	0.35	4.55	7.35
11,000-13,000	0.4	5.2	8.4
13,000-15,000	0.45	5.85	9.45
15,000-17,000	0.5	6.5	10.5
17,000-19,000	0.55	7.15	11.55
19,000-21,000	0.6	7.8	12.6
21,000-23,000	0.65	8.45	13.65
23,000-25,000	0.7	9.1	14.7
25,000 and over no less than	0.7	9.1	14.7

STATE SCHOOL AID ACT

(Proposed Recodification - 1972)

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STATE SCHOOL AID ACT
(Recodification)

A bill to make appropriations for the purpose of aiding in the support of the public schools and the intermediate school districts of the state; to provide for apportionment of moneys annually and for certain limitations and regulations in connection therewith; to provide for allotments for transportation of school children; to permit school districts to borrow in anticipation of the payment of state aid and to regulate the effect thereof; to provide penalties for the violation of provisions of the act; to supplement the school aid fund by the levy and collection of certain excise taxes; and to repeal certain acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

CHAPTER 1

DEFINITIONS

Sec. 1. This act shall be known and may be cited as the "state school aid act."

Sec. 2. Definitions of terms used in this act are as follows:

(a) "State board" means the state board of education.

(b) "Intermediate board" means the board of education of an intermediate school district.

(c) "Board" means the board of education of a local school district.

(d) "Intermediate superintendent" means the superintendent of an intermediate school district.

(e) "District superintendent" means the superintendent of a local school district.

(f) "District" means a local school district.

(g) "School code of 1955" means Act No. 269 of the Public Acts of 1955, as amended, being sections 340.1 to 340.984 of the Compiled Laws of 1948.

(h) "Pupil" means a child in membership in a public school.

(i) "Elementary pupil" means a pupil in membership in any grade from the kindergarten to 8 in a local school district not maintaining classes above the eighth grade, or in any grade from kindergarten to 6 in a local school district maintaining classes above the eighth grade.

(j) "High school pupil" means a pupil in membership in any grade, 7 to 12, except in a local school district not maintaining grades above the eighth.

(k) "Membership" means the number of fulltime equivalent pupils as determined by the number of pupils registered for attendance plus pupils received by transfer and minus pupils lost as defined by rules promulgated by the state board of education.

(l) "Fulltime membership" means all pupils in kindergarten to 12 actually enrolled and in regular daily attendance on the fourth Friday following Labor day of each year. The superintendent of public instruction shall give a uniform interpretation of such fulltime membership and memberships other than fulltime.

(m) "Elementary tuition pupil" means a child of school age attending school in grades kindergarten to 6 in a local school district other than of his residence and whose tuition is paid by the board of the district of his residence; or a child enrolled in grades 7 or 8 in a district not operating grades above the eighth.

(n) "High school tuition pupil" means a child of school age attending school in grades 7 or 8 in a local school district other than of his residence

which maintains grades above the eighth, or in grades 9 to 12 in a district other than of his residence, and whose tuition is paid by the board of the district of his residence.

CHAPTER 2

APPROPRIATION, APPORTIONMENT, PAYMENT AND USE OF STATE AID

Sec. 11. There is hereby appropriated from the school aid fund established by section 11 of article 9 of the constitution of the state for the fiscal year ending June 30, 1973, and for each fiscal year thereafter, the sum necessary to fulfill the requirements of this act, with any deficiency to be appropriated from the general fund by the legislature. The appropriation shall be distributed as provided in this act.

Sec. 12. (1) For the purpose of supplementing the school aid fund established by section 11 of article 9 of the constitution of the state, there shall be levied and collected, and there is hereby imposed, in addition to any and all taxes now imposed by law an excise tax equivalent to 4% of the retail selling price of spirits, as defined in section 2 of Act No. 8 of the Public Acts of the Extra Session of 1933, as amended, being section 436.2 of the Compiled Laws of 1948, other than those containing an alcoholic content of less than 22%. The tax shall be collected by the state liquor control commission at the time of sale by the commission. In the case of sales to licensees, the tax shall be computed on the retail selling price established by the commission without allowance of discount.

(2) Upon collection the state liquor commission shall deposit the entire proceeds in the state treasury to the credit of the school aid fund established by section 11 of article 9 of the constitution of the state.

Sec. 13. The apportionments, and limitations thereof, made under this act shall be made on the membership and number of teachers, and other professionals approved by the superintendent of public instruction, employed as of the fourth Friday following Labor day of each year, on the

number of pupils for whom transportation is allowed for the preceding school year, elementary or high school tuition payments for the current fiscal year, per capita cost of pupils for the preceding year, and on the state equalized valuation of each school district for the calendar year. In addition, those districts maintaining school during the entire year, as provided under section 731 of the school code of 1955, as amended, shall count memberships and teachers in accordance with rules established by the state board of education.

Sec. 14. Whenever the returns from any county or district upon which a statement of the amount to be disbursed or paid to any district shall be so far defective as to render it impracticable to ascertain the share of the appropriation to be disbursed or paid to the district under this act, the superintendent of public instruction shall ascertain by the best evidence available the facts upon which the ratio and amount of such apportionment shall depend, and shall make the apportionment accordingly.

Sec. 15. Whenever any district shall fail to receive its proper share of the appropriation due under the provisions of this act, the superintendent of public instruction, upon satisfactory proof that the district was justly entitled to the same, shall apportion such deficiency in the next apportionment. When any district has received more than its proper share of the appropriation the superintendent of public instruction, upon satisfactory proof, shall deduct such excess in the next apportionment.

Sec. 16. Notwithstanding the allowance made herein for pupils attending school in any other district for tuition or transportation of school children, or both, no district shall receive more allowance therefor than such actual

amounts paid by the district, and if any district shall have received in any apportionment more than it paid, such excess shall be deducted from its next apportionment.

Sec. 17. On or before August 1, October 1, December 1, February 1, April 1 and June 1, the superintendent of public instruction shall prepare a statement of the amount to be distributed in such installment under the provisions of this act to the districts, and shall deliver the same to the state treasurer, who shall thereupon draw his warrant in favor of the treasurer of each district for the amount payable to such district according to the statement and forthwith deliver the warrants to the treasurer of each district.

Sec. 18. Except as provided in chapters 4 and 6 each district shall apply the moneys received by it under the terms of this act on salaries of teachers and other employees, on tuition, on transportation, lighting, heating and ventilation and water service, and on the purchase of textbooks and other supplies: Provided, that an amount equal to not more than 5% of the total amount received by any district under chapter 3 of this act may be expended by the board of education of said district for capital costs or debt service for debts contracted after December 8, 1932; and no part of said money shall be applied or taken for any purpose whatsoever except as above provided. The superintendent of public instruction shall determine the reasonableness of such expenditures and may withhold from any school district the apportionment otherwise due under this act for the fiscal year following the discovery by the superintendent of public instruction of a violation or violations by the district.

For the purpose of determining the reasonableness of such expenditures and whether any violation of the provisions of this act has occurred, the superintendent of public instruction shall require that districts have audits of their financial and child accounting records at least annually at the expense of said districts by certified public accountants or by intermediate

district superintendents, as may be required by the superintendent of public instruction, or in the case of districts of the first class by a certified public accountant, the intermediate superintendent or the auditor general of the city. Such audits shall be subject to such regulations as the superintendent of public instruction, in consultation with the auditor general of the state, may prescribe. Copies of the reports of the audits shall be filed as required by the superintendent of public instruction and shall be available at all reasonable times for public inspection.

CHAPTER 3

MEMBERSHIP ALLOWANCE

Sec. 21. To every district in the state, except as otherwise provided in this act, there shall be appropriated a sum determined by multiplying $740.00 times the number of pupils in membership in the district minus 20 mills times the state equalized valuation of the property in the district, plus the amounts allocated for transportation in chapter 7 and tuition in chapter 11.

A district shall not receive a smaller net allowance per membership pupil for 1972-73 than was received by the district in 1971-72 except that no more than $8,000,000.00 shall be distributed under this provision.

Sec. 22. Whenever 2 or more districts are reorganized into a single district, either through a procedure of annexation or consolidation, the amount of state aid to be received by the new district during the 2 years immediately subsequent to the annexation or consolidation shall not be less than the total sum of state aid which was earned by all of the districts forming the new district during the last fiscal year in which the districts received aid as separate districts.

Sec. 23. Notwithstanding any other provision of this act, a district providing kindergarten to twelfth grade educational services for department of corrections pupils or contracting with the department of corrections for such educational services may count such pupils in membership and receive state aid under this act.

Sec. 24. Any child under court jurisdiction who is placed in a private home or in a private or public institution located outside the district in which his parents or legal guardians reside may be counted as a resident of the district he attends if other than the district of his parents or legal guardian and shall be counted as 1-1/2 memberships. The total membership of

such children shall be computed by adding the membership days attended by all such children up to April 1 of the current school year and dividing the total by the number of days in the school year of the district up to April 1 of the current school year. The membership thus obtained shall be certified by the district to the superintendent of public instruction who shall adjust the total membership of the district accordingly in determining the school aid to be paid during the current fiscal year.

Sec. 25. The valuations of any district shall be reduced under the following conditions and in the following manner;

(a) An application may be filed by the district in form and content as described by the superintendent of public instruction showing the total taxes levied on property located within the district by all taxing agencies including the district but excluding taxes levied for school operating purposes.

(b) Using the total taxes as last reported by the state tax commission for the entire state but excluding taxes levied for school operating purposes, the superintendent of public instruction shall determine the tax rate for the entire state. He shall determine the tax rate for the applicant district by dividing the figure obtained in subsection (a) by the district valuation.

(c) If the resulting tax rate for the applicant district is 125% or more of the resulting tax rate for the districts of the state, the valuation of the applicant district shall be reduced by the percent by which the resulting tax rates on property located within the applicant district exceeds 125% of the resulting tax rates on property located in all districts of the state. Not more than $40,000,000.00 shall be paid as the result of reduction of valuation under this section. A district receiving a membership guarantee under section 21 shall not receive assistance under this section unless the allowance under this section is greater than the membership guarantee under section 21. A district shall not receive both a membership guarantee under section 21 and assistance under this section.

CHAPTER 4

COMPENSATORY EDUCATION

Sec. 31. From the amount appropriated in section 11, there is appropriated $23,000,000.00 to enable eligible districts to establish or to continue, in conjunction with whatever federal funds may be available to them from the provisions of title I of Public Law 89-10, the elementary and secondary education act, as amended, but not to exceed $200.00 of state funds per eligible pupil participating in such programs, comprehensive compensatory education programs designed to improve the achievement in basic cognitive skills of pupils enrolled in grades K-6 who have extraordinary need for special assistance to improve their competencies in such basic skills and for whom the districts are not already receiving additional funds by virtue of their being physically, mentally or emotionally handicapped.

Sec. 32. A district shall be eligible for allocations under section 31 for the fiscal year 1972-73 and for each of the following 2 fiscal years if at least 15% of its total enrollment in grades K-6 and not less than 30 of its pupils in grades K-6, as described in section 31 and as computed under provisions of section 33, are found to be in need of substantial improvement in their basic cognitive skills except districts that received such aid in 1970-71 for schools housing grades 7 and 8 shall be funded if the pupils in those schools are found eligible in a manner to be determined by the department of education.

Sec. 33. The number of pupils in grades K-6 construed to be in need of substantial improvement in their basic cognitive skills shall be calculated for each district by the following procedural steps:

(a) Using the composite achievement test score only on the state assessment battery given in January 1972, a percentile ranking shall be made statewide for the scores of pupils in grade 4 and for the scores of pupils in grade 7.

(b) The percent of pupils of the district enrolled in grade 4, as defined in section 31, who scored at the fifteenth percentile or lower for grade 4 in accordance with statewide norms established for the assessment battery, shall be determined and this percentage shall be multiplied by the aggregate enrollment of the district in grades K-4 on the fourth Friday following Labor day of the preceding school year.

(c) The percent of pupils of the district enrolled in grade 7, as defined in section 31, who scored at the fifteenth percentile or lower for grade 7, in accordance with statewide norms established for the assessment battery, shall be determined and this percentage shall be multiplied by the aggregate enrollment of the district in grades 5 and 6 on the fourth Friday following Labor day of the preceding school year.

(d) The number of pupils determined in section 33(b) shall be added to the number of pupils determined in section 33(c) and this resultant sum shall be construed to be the number of pupils of the district enrolled in grades K-6 who are in need of substantial improvement in their basic cognitive skills at the beginning of the 1972-73 school year.

Sec. 34. The tentative allocations to each eligible district shall be determined by multiplying the number of pupils determined in section 33(d) by $200.00.

Sec. 35. The tentative allocations as determined in section 34 shall be distributed the first year to districts in decreasing order of concentrations of pupils in grades K-6 who score on the assessment battery at the fifteenth percentile or lower for norms for the state as a whole. Distribution shall begin with the district with highest concentration of such pupils and continue in descending order of concentration until all of the moneys appropriated under section 31 have been distributed, if:

(a) The districts have applied for the moneys on forms provided by the department of education.

(b) The districts have shown evidence of having established "comparability" among the schools within their boundaries in accordance with standards established by the state board of education.

(c) The districts have committed themselves to the involvement of parents, teachers and administrators in the planning and continuous evaluation of their compensatory education programs as conducted under this chapter.

(d) The districts have identified the performance objectives of their compensatory education programs. Performance objectives shall be concerned primarily with the improvement of pupils' performance in the basic cognitive skills.

(e) The districts have certified that they will identify or have identified, on or before the fourth Friday following Labor day of the school year, the pupils to be provided special assistance assistance with these moneys with the pupils being selected in grades 2-6 from the lowest achievers in basic cognitive skills and in grades K-1 from among those with the lowest readiness for the acquisition of cognitive skills. The aggregate number of pupils selected from grades K-4 and from grades 5 and 6 shall bear at least the same ratio to the total enrollment in these blocs of grades as those percentages which were used for the districts in section 33(b) and (c).

Sec. 36. A district receiving moneys under this chapter may use these moneys in any manner which, in the judgment of its board and its staff, will contribute significantly toward substantial improvements in the basic cognitive skills of the pupils. These uses may include, but are not limited to, the following:

(a) Employment of additional personnel.

(b) Purchase of instructional devices and other aids.

(c) Leasing of portable classrooms.

(d) Contracting with a public or private agency, a group of employees or a group of nonemployees.

(e) Providing inservice training for teachers and other personnel.

(f) Provision of adequate nutrition and health care to students.

Sec. 37. As a condition of receiving moneys for use in fiscal years following 1971-72, an assessment or evaluation of the progress of each pupil construed to be in need of special assistance under this chapter shall be made with the use of pretests and posttests. These tests shall be administered or approved for administration by the department of education in accordance with policies of the state board of education to determine the amount of progress made by the pupils toward attainment of the performance objective specified in the district's approved application as stipulated in section 35(d). For each pupil making a minimum gain during the year of at least 75% of the skills in the performance objectives specified for his program, the district shall receive the full per pupil amount of funds allocated to the district in accordance with this chapter. For those pupils who do not achieve at least 75% gain, the district shall receive in the subsequent year an amount per pupil prorated in the proportion that the amount of actual gain made bears to 75% of the total skills listed for the programs provided these pupils. Regardless of gain levels, a district shall be paid in full for a pupil who has migrated from the district during the school year and for a pupil who has not attended school for a minimum period of 150 days because of health reasons verified by a medical authority.

Sec. 38. Not more than 0.5% of a school's total allocation under this chapter shall be deducted and retained by the department of education for administration and evaluation of the programs conducted under this chapter. The state board of education shall report to the governor and the legislature

not later than October 1 of each year the results of the evaluation studies including a report on exemplary programs which promote academic achievement.

Sec. 39. From the amount appropriated in section 31, $500,000.00 shall be used for grants to districts to enter into performance contracts for instructional purposes. The department of education shall establish and supervise the contracts.

Sec. 40. From the amount appropriated in section 31, $250,000.00 shall be used to continue contractual arrangements for a statewide program of abstract conceptually oriented mathematics utilizing the discovery method to improve the basic skills of educationally needy children attending elementary schools. The department of education shall evaluate the effectiveness of the program and submit its findings to the legislature.

Sec. 41. From the amount appropriated in section 31, $5,000,000.00 shall be used by districts operating prekindergarten programs for economically disadvantaged children who are under 5 years of age as of December 1 of the school year, and programs for pupils in grades K-3 who have learning disabilities.

Sec. 42. Districts offering remedial reading programs approved by the superintendent of public instruction shall be entitled to 75% of the actual cost of the salary, not to exceed $8,100.00 for any individual salary of a remedial reading teacher approved by the superintendent of public instruction. The superintendent of public instruction may provide by rules for the maximum number of pupils per teacher to be counted. From the total amount appropriated in section 31, there is appropriated not to exceed $3,400,000.00 for remedial reading programs to be used for teachers' salaries at the 4 to 12 grade levels only.

Sec. 43. The state board of education shall promulgate rules necessary to implement the provisions of this chapter in accordance with and subject to Act No. 306 of the Public Acts of 1969, as amended, being sections 24.201 to 24.315 of the Compiled Laws of 1948.

CHAPTER 5

SPECIAL EDUCATION

Sec. 51. From the amount appropriated in section 11, there is appropriated the sum of $71,245,000.00 to reimburse districts and intermediate districts for special education programs and services as defined in the school code of 1955, as amended, and for special education personnel as defined in the school code of 1955, as amended. Reimbursement shall be at 75% of the actual cost of salaries, not to exceed $8,100.00 for any individual salary, for such programs and services as determined by the superintendent of public instruction.

Sec. 52. Districts conducting special education programs and services for the hearing impaired, physically handicapped and visually handicapped shall be allocated an additional amount not to exceed 75% of the cost for equipment, for teachers who teach others to transcribe books into braille or books for visually handicapped students at all levels and for expenses incurred in transcribing and recording educational materials, including machines, paper and binding.

Sec. 53. Intermediate districts shall be entitled to additional funds for the purpose of establishing special education programs and services for trainable individuals up to the age of 25 who are not currently eligible for mentally handicapped programs. The amount appropriated for these programs shall not exceed 75% of the actual cost of operating the program including the cost of transportation. Each intermediate district is authorized to use moneys in its general fund or special education fund, not otherwise restricted, or contributions from districts or individuals for the support of such programs.

Sec. 54. A district providing board and room for children being educated under provisions for special education programs and services in the school code of 1955, as amended, shall be allowed an amount sufficient to pay the board and room up to an amount approved by the superintendent of public instruction.

Sec. 55. A district operating summer special education programs and services for the handicapped as approved by the superintendent of public instruction shall be allowed up to 75% of the actual cost of the special education programs and services as determined by the superintendent of public instruction.

CHAPTER 6

CAREER EDUCATION

Sec. 61. From the amount appropriated in section 11, there is appropriated the sum of $29,363,000.00 to reimburse districts and secondary area vocational centers for occupational and career development programs on an added cost basis. Not more than 1% of the appropriation shall be allocated to career education planning districts to be used in the development of program plans based upon guidelines prepared by the state board of education.

Sec. 62. These funds will be utilized in conjunction with whatever federal funds may be available from the provisions of public law 88-210, the vocational education act of 1963, as amended.

Sec. 63. To be eligible for an allocation under section 61, public educational agencies in a career education planning district shall participate in cooperation with private trade schools, business and industry, in the development and implementation of a comprehensive occupational program. The program plan shall include a determination that available resources are used efficiently and that unnecessary duplication is precluded. The plan shall be based on performance objectives and include a timetable for implementation approved by the state board of education.

Sec. 64. To be eligible for an allocation under section 61, public educational agencies in a career education planning district shall provide for the development and implementation of a K-12 career development program. A career development program shall include student recognition of individual attributes and the relationship of these attributes to occupational areas. The plan shall include the development of realistic attitudes toward the work environment and be based on performance objectives and shall include a timetable for implementation approved by the state board of education.

Sec. 65. To be eligible for an allocation under section 61, public educational agencies in a career education planning district shall provide a comprehensive career education plan which shall coordinate career development and occupational programs. The comprehensive plan shall be based on performance objectives and shall include a timetable for implementation approved by the state board of education.

Sec. 66. A career education planning district shall be approved by the department of education and shall include 1 or more public educational agencies in geographic proximity with sufficient school membership and tax base to operate a comprehensive occupational and career development program.

Sec. 67. State board of education approval of each occupational program area shall be based on criteria which include specific performance objectives. These criteria shall include, but not be limited to, (a) the employable skills needed for initial employment, (b) appropriate attitudes required to retain a job, (c) standards for instruction, (d) standards for curriculum, (e) standards for facilities and equipment, (f) standards for pupil personnel services, (g) standards of accessibility of programs to all students, and (h) an active advisory committee organization.

Sec. 68. The amount of added cost for each occupational program area shall be determined by the department of education.

Sec. 69. The allocation of added cost funds to any public educational agency shall be based on the type of occupational programs it provides, the number of students it enrolls, and the length of the training period it provides. If students enrolled in an occupational program do not satisfactorily achieve at least 70% of the program's performance objectives, future funding will be dependent upon the corrective measures taken by the public educational agency which operates or administers the occupational program. The corrective measures

shall include, but not be limited to: (a) a diagnostic counseling program directed toward those students unable to achieve at satisfactory levels through individualized instruction and a reappraisal of their career choice with possible reassignment in other occupational programs; (b) student placement in occupational training programs that are not operative in his district but offered by other educational agencies within the career education planning district; and (c) a careful analysis of the occupational program to determine its effectiveness for the greatest number of students. A written report outlining the achievement rate and the corrective actions to take in all occupational program courses will be delivered annually to the state board of education. If, after 3 years of program operation students enrolled in a program cannot achieve satisfactorily, no further allocation of occupational funds will be made to the public educational agency for that program.

Sec. 70. The state board of education shall promulgate rules necessary for the implementation of programs provided under this chapter.

CHAPTER 7

TRANSPORTATION

Sec. 81. There is appropriated to every district providing transportation for school children who live more than 1-1/2 miles from the school they attend, an amount determined by the superintendent of public instruction, but not to exceed 75% of the actual cost of transporting such children to and from school. Transportation distances shall be measured along public streets and highways. The superintendent of public instruction shall have authority upon investigation by him, or someone designated by him, to review, confirm, set aside or amend the action, order or decision of the board of any district with reference to the routes over which school children shall be transported, a distance they shall be required to walk, and the suitability and number of vehicles and equipment for the transportation of the school children.

Sec. 82. No allotment for transportation shall be allowed any district which operates a bus route disapproved by the superintendent of public instruction.

Sec. 83. Any district not maintaining school within the district may participate in the school aid fund under this section. The total amount which shall be apportioned to any such district shall be an amount determined by the superintendent of public instruction but not to exceed 75% of the actual cost of transportation, less a sum equal to 5.86 mills on the valuation of the property within the district reported and determined as hereinafter provided. If the amount deducted herein has been used to determine the aid to any such district under any other section of this act, the amount herein allotted for transportation shall be in addition to such other amounts allotted.

Sec. 84. Any district or intermediate district providing transportation for handicapped children, as defined in rules promulgated by the state board of education, being educated under the provisions of the school code of 1955, as amended, shall be allowed an amount determined by the superintendent of public instruction but not to exceed 75% of the actual cost of

transportation or more than $200.00 per pupil living more than 1-1/2 miles from the school they attend unless the superintendent of public instruction determines from the best evidence available that the pupil cannot safely walk that distance in which case the limit of 1-1/2 miles may be waived. No allowance for such pupils shall be given under sections 81 and 83.

Sec. 85. Any district or intermediate district providing transportation for handicapped children being educated under the provisions of the school code of 1955, as amended, at the Michigan school for the deaf, the Michigan school for the blind, or in special education programs and services under the direction of the department of mental health, and who cannot safely walk to the school they attend shall be allowed an amount determined by the superintendent of public instruction but not to exceed 75% of the actual cost of transportation or more than $200.00 for each pupil transported. No allowance for such pupils shall be given under sections 81, 83 or 84.

Sec. 86. Any district providing transportation for secondary school pupils to centers designated or approved as secondary area vocational centers by the department of education or to training facilities approved annually by the department of education to conduct jointly planned occupational programs according to criteria developed by the department of education shall be allowed an amount determined by the department of education but not to exceed 75% of the actual current cost of such transportation. Not more than $2,000,000.00 shall be distributed for transportation under this section.

Sec. 87. Not more than $52,264,000.00 shall be distributed for transportation under the provisions of this chapter.

CHAPTER 8

INTERMEDIATE DISTRICT

Sec. 91. From the amount appropriated in section 11, there is appropriated to intermediate districts as established under the provisions of the school code of 1955, as amended, the sum necessary but not to exceed $6,900,000.00 to provide state aid to such districts.

Sec. 92. (1) There shall be apportioned to each intermediate district an amount equal to the operating budget of the district multiplied by the percentage that the total state aid received by all of the constituent districts of the intermediate district under the provisions of the state school aid act in effect during the preceding school year was of the total current operating expenditures of all the constituent districts of the preceding year, except that no intermediate district shall receive aid on a basis of less than 50% of its approved budget.

(2) The operating budget of the intermediate unit shall be the budget finally adopted by the board of education in accordance with all constitutional and statutory hearings and after the allocation of millage has been made by the county tax allocation board. The budget total shall be reduced by the amounts allocated for building and site expenditures, cooperative educational programs, and any program not approved by the superintendent of public instruction.

(3) The current operating expenditures of the constituent districts shall be in accordance with the classification of expenditures used in reporting receipts, expenditures and other financial data to the superintendent of public instruction.

(4) Intermediate districts formed by the consolidation of 2 or more county or intermediate districts shall be entitled to an additional allotment of $3,500.00 for each county included in the new district for a period of 3 years following consolidation.

CHAPTER 9

TEACHER PROFESSIONAL DEVELOPMENT

Sec. 101. There is appropriated to the department of education, from the amount appropriated in section 11, a sum equal to 1/2 of 1% of the state aid membership allowance to contract with local and intermediate districts to provide programs for the professional development of teachers. Teacher participation in such programs shall be in addition to the services rendered for the statutorily required days of student instruction. The basis for granting contracts shall include, but not be limited to, evidence of a local inventory of teacher needs necessary for the improvement of pupil performance in the cognitive, pyscho-motor and affective domains.

Each district or combination of districts to be eligible for a professional development grant shall have adopted goals for education in that district, developed local student performance objectives, completed an assessment of pupil needs, identified the teacher skills necessary to meet those pupil needs, planned an inservice training program designed to enhance teacher skills in terms of those pupil needs, and established a local follow-up evaluation procedure to determine the adequacy of the professional development program provided from this and other funding sources, including an agreement to develop recommendations for future local program improvement. The definition of what constitutes such professional development programs shall be in accordance with rules promulgated by the state board of education.

CHAPTER 10

MISCELLANEOUS GRANTS

Sec. 111. There is appropriated, from the amount appropriated in section 11, not to exceed $600,000.00 to be used for the salaries of teachers in alternative education programs for pregnant persons as approved by the superintendent of public instruction in accordance with the provisions of Act No. 242 of the Public Acts of 1970, being sections 388.491 to 388.394 of the Compiled Laws of 1948. Districts and intermediate districts providing approved programs shall be entitled to 75% of the actual cost of the salary, not to exceed $8,100.00 for any individual salary, of each teacher approved by the superintendent of public instruction.

Sec. 112. There is appropriated, from the amount appropriated in section 11, not to exceed $1,000,000.00 to be used by districts conducting community school programs approved by the superintendent of public instruction. The state board of education shall promulgate rules to implement this section.

CHAPTER 11

ELIGIBILITY, LIMITATIONS AND TUITION

Sec. 121. To be eligible to receive state aid under the provisions of this act each district superintendent through the secretary of his board, on or before the seventh Friday after Labor day of each year, shall file with the intermediate superintendent a certified and sworn copy of the district's enrollment for the current school year. In addition, those districts maintaining school during the entire year, as provided under section 731 of the school code of 1955, as amended, shall file with the intermediate superintendent a certified and sworn copy of the enrollment for the current school year in accordance with rules established by the state board of education. In case of failure to file such sworn and certified copy on or before the seventh Friday after Labor day, or in accordance with rules established by the state board of education, state aid under the provisions of this act shall be withheld from the defaulting district. Any person who shall wilfully falsify any figure or statement in the certified and sworn copy of such enrollment shall, upon conviction thereof, be punished in the manner prescribed by the laws of this state.

Sec. 122. Each district shall provide a minimum of 180 days of student instruction. Any district failing to hold 180 days of student instruction shall forfeit 1/180th of its total state aid appropriation for each day of such failure, and any district failing to comply with rules promulgated by the state board of education which establish the minimum time student instruction is to be provided to pupils for the regular school year shall forfeit from its total state aid appropriation an amount determined by applying a ratio of the time duration the district was in non-compliance in relation to the minimum time student instruction is required. Not later than August 1,

the board of every district shall certify to the department of education the number of days of student instruction in the previous school year. If the district did not hold at least 180 days of student instruction, the deduction of state aid shall be made in the following fiscal year from the first payment of state aid. Days lost because of strikes or teachers' conferences shall not be counted as a day of student instruction. The state board of education shall establish rules for the implementation of this section.

Sec. 123. A district shall not be allotted or paid any sum under the provisions of chapter 3 et seq. in any year, if the superintendent of public instruction shall determine that at the end of the preceding fiscal year the amount of funds on hand in the district available for the payment of the operation cost in the district exceeded the amount of moneys expended for such operation cost in the district during the preceding fiscal year.

Sec. 124. If a district, except those coming under the provisions of section 127, does not levy at least a 9 mill tax on the state equalized valuation of the property within the district for the purposes included in the operation cost of the district as defined in section 131 and certify such fact to the superintendent of public instruction, the amount of school aid allotted or paid shall be reduced to an amount which bears the same proportion to the total amount allotted or paid as the actual levy bears to 9 mills for the fiscal year beginning July 1, 1972.

Sec. 125. Districts receiving moneys under this act shall not adopt or operate under a deficit budget, and no district shall incur an operating deficit in any fund in any fiscal year.

Sec. 126. A district shall not be allotted or paid any sum under the provisions of this act for the number of pupils in membership in excess of a ratio of 34 pupils to 1 teacher. The superintendent of public instruction may include all pupils in membership regardless of the provisions of this

section if in his judgment the district could not maintain the ratio because of lack of funds or facilities or qualified teachers. For the purpose of this section, a teacher is defined as any employee of the district holding a valid Michigan teacher's certificate.

Sec. 127. A district maintaining an approved high school shall not be paid less state aid under the provisions of this act than a sum obtained by multiplying the number of high school tuition pupils in membership in such district in grades 9 to 12, inclusive, by $190.00.

Sec. 128. All pupils to be counted in membership shall be at least 5 years of age on December 1 and under 20 years of age on September 1 of the school year except that all pupils regularly enrolled and working toward a high school diploma may be counted in membership regardless of age. Any former member of the armed services in attendance in the public schools, the cost of whose instruction is not paid for by other state funds or by the federal government, shall be counted in membership regardless of age.

Sec. 129. A pupil enrolled in public school programs organized under federal or state supervision and in which the teaching costs are fully subsidized from federal or state funds shall not be counted in membership.

Sec. 130. A district having tuition pupils enrolled on the fourth Friday following Labor day of each year, shall charge the district in which such tuition pupils reside, tuition in at least the amount of the difference between the per capita cost as determined in section 131 and the per pupil membership allowance provided in section 21. In the case of nonresident pupils in parttime membership, an additional allowance for such pupils shall be made to the district in an amount equal to the difference between the prorated per capita cost as determined in section 131 and the prorated per pupil membership allowance as provided in section 21.

Sec. 131. The board of each school enrolling tuition pupils shall determine the actual per capita operation costs for the preceding fiscal year. For the purpose of making determination of the actual operation cost of districts there shall be excluded moneys expended for sites, school buildings, equipment, payment of bonded indebtedness, and moneys expended for such other purposes as shall be determined by the superintendent of public instruction not properly included in operation costs: Provided, that such excluded items are applied uniformly in the determination of such operation costs to all the districts affected. The per capita operation cost shall be determined by dividing the total expenditures for each district less the amount spent for such items as are excluded from the actual operation cost of the district as defined in this section, by the membership in grades kindergarten to 12, inclusive. For the purpose of determining the amount of tuition to be charged for nonresident pupils enrolled in grades kindergarten to 6, inclusive, the per capita cost thus obtained shall be used. For nonresident pupils enrolled in grades 7 to 12, inclusive, the per capita cost shall be the amount of the elementary per capita cost increased by 15%.

Sec. 132. Notwithstanding the provisions of section 130, a child residing in a juvenile or detention home operated by a probate court and attending school by direction of the court in the district of residence of his parent or legal guardian shall not be counted as a tuition student but shall be counted in resident membership in that district. A child residing in the home of his parent or legal guardian but who, by assignment of a probate court, attends school in another district shall not be counted as a tuition student but shall be counted in resident membership in the district which he attends; and a child residing in the home of his parents or legal guardian or juvenile home but who, by direction of local school authorities

and approval of the probate court, may be enrolled in school in another district shall not be counted as a tuition student but shall be counted in resident membership.

Sec. 133. Any child placed in a state institution by parents shall be counted in resident membership of the district in which the child is enrolled, and an additional allowance for such child shall be made to the district in the amount equal to the difference between the per capita cost as determined in section 131 and the per pupil membership allowance as provided in section 21.

Sec. 134. Any district paying tuition for special education pupils being educated under the provisions of the school code of 1955, as amended, shall be allowed an amount sufficient to pay the tuition charged the district in excess of $50.00 per pupil but less than $81.00 per pupil and all over $150.00 per pupil plus any sums which such district shall be apportioned under other sections of this act.

Sec. 135. Any district having American Indian children in attendance, who reside within the district and upon a United States government Indian reservation, shall be allowed in addition to the allowances provided by the other sections of this act an amount equal to the number of such children in attendance times 1/2 the tuition rate as computed in accordance with sections 130 and 131 and in accordance with the provisions of the school code of 1955, as amended. No district receiving federal assistance under Public Law 81-874, as amended, shall share in the provisions of this section.

Sec. 136. A district shall not be allotted or paid any sum under the provisions of this act unless the district charges the legal amount of tuition, as provided in this act, for all tuition pupils enrolled on the fourth Friday following Labor day of each year from the districts in which the tuition pupils reside, and has certified such fact to the superintendent of public instruction. If no district is legally liable for the payment of the tuition and the tuition has not been collected from the parents or

guardians of such tuition pupils on or before May 1 of each year, the number of such pupils shall be deducted from the membership of the district and the allowances as provided in sections 130 and 131 shall be recomputed accordingly.

Sec. 137. A district shall not be allotted or paid any sum under the provisions of this act after April 1 of each year unless the district pays the legal amount of tuition for tuition pupils on or before such date to the districts in which the tuition pupils are in school membership on the preceding fourth Friday following Labor day of each year, and has certified such fact to the superintendent of public instruction.

Sec. 138. Any child whose parents or guardians live on land in this state over which the federal government has taken exclusive jurisdiction and which has not been attached to a district for educational purposes may be included in membership by the district which he attends and for the purpose of this act be considered a tuition pupil.

CHAPTER 12

VALUATION OF SCHOOL DISTRICTS

Sec. 141. The valuation of any whole or fractional district shall be the total state equalized valuation of the property contained therein as last fixed by the state tax commission.

Sec. 142. The valuation of property assessed under the provisions of Act No. 189 of the Public Acts of 1953, as amended, being sections 211.181 and 211.182 of the Compiled Laws of 1948, shall be deducted from the total valuation of a district in cases where school taxes levied against such property are not collected from the lessee or user of the property. The credit so obtained by a district in the application of the formula provided in section 21 shall forever be a lien against the district and shall be paid by the district to the school aid fund at such time only as the taxes referred to above are collected.

Sec. 143. The valuation of property located on land over which the federal government has exclusive jurisdiction and upon which school taxes have been levied in accordance with federal law shall be deducted from the total valuation of a district if credits against such taxes, as permitted by federal law, result in a payment to the district of an amount less than the product of the valuation of such property, times the millage referred to in section 21. Any amount of such taxes collected shall be deducted from the school aid to which the district is entitled under section 21 et seq., up to an amount equal to the above product.

Sec. 144. Whenever taxes levied for operating purposes against property constituting at least 10% of the valuation of a district are paid under protest and are thus unavailable to the district, the total valuation of the district for the purposes of this act shall be reduced by the valuation of such property. The credits so obtained by a district in the application of

the formula provided in section 21 shall forever be a lien against the district and shall be paid by the district to the school aid fund at such time only as the taxes are collected.

CHAPTER 13

BORROWING BY SCHOOL DISTRICTS AND ADVANCES

Sec. 151. Subject to the restrictions prescribed in this chapter, the board of any district in this state is authorized to borrow money for school operations, to issue its note or notes therefor, and to pledge for the payment thereof state appropriations available to the district under this act. Such notes shall be the full faith and credit obligations of the district.

Sec. 152. Notes issued under the provisions of this chapter shall become due and payable on or before the first day of September immediately following the fiscal year for which state appropriations were pledged. The notes shall bear interest at not to exceed 6% per annum and may be made redeemable prior to maturity on such terms and conditions as shall be provided by the resolution of the board of the district.

Sec. 153. A district shall not issue its notes pledging state appropriations under this act for any school year in an aggregate amount exceeding 100% of the undistributed balance of its share of the appropriation for the school year. Not more than 15% of a district's share of the appropriation for the next succeeding fiscal year shall be borrowed prior to the beginning of that fiscal year. The issuance of notes under this chapter shall not be subject to the provisions of Act No. 202 of the Public Acts of 1943, as amended, being sections 131.1 to 138.2 of the Compiled Laws of 1948.

Sec. 154. Notes shall not be issued for borrowing under the provisions of this chapter without the prior approval of the superintendent of public instruction, for which approval application shall be made by the district. The superintendent of public instruction shall issue a certificate of approval which shall show the amount of state appropriation allocated to the district for the present and, if applicable, for the next succeeding fiscal year and

any payments distributed to the district prior to the date of the certificate. A district may make more than one borrowing under this chapter during any school year.

Sec. 155. A district shall not contest the validity of any note issued by it under this act if it has received permission from the superintendent of public instruction to issue the same and has received the principal amount of the note.

Sec. 156. If at any time during the last 2 months of any fiscal year or during the first 6 months of any fiscal year, a district has insufficient funds on hand to meet its operating expenditures, the superintendent of public instruction, when proof of such need has been furnished to him, may advance an amount to meet operating expenditures. In no case shall such payment in the first instance be greater than 1/4 of the total amount allotted to a district for the following school year under the terms of this act as near as such an amount can be determined when the advance payment is requested, and in no case shall such payment, in the second instance, be greater than 2/5 of the total amount allotted to a district for the current school year under the terms of this act as near as such an amount can be determined when the advance payment is requested.

CHAPTER 14

REORGANIZATION GRANTS TO SCHOOL DISTRICTS

Sec. 161. Whenever a district, in whole or in part, is attached to another district by an intermediate board acting under the provisions of the school code of 1955, as amended, the amount of state aid to be paid to the district to which territory is attached during the fiscal year of attachment and the following 6 fiscal years shall be increased when the district already is eligible for state aid, and the state equalized valuation per membership child in grades kindergarten through 12, in the territory attached, is less than the state equalized valuation per membership child in grades kindergarten through 12 in the district to which territory is attached.

The amount of the increase shall be computed by multiplying the number of children in membership in grades kindergarten through 12 in the territory attached by the difference between the state equalized valuation per membership child in grades kindergarten through 12 in the receiving district and the state equalized valuation per membership child in grades kindergarten through 12 in territory attached and the product thus obtained by the millage levied for operating purposes over and above 4-1/4 mills in the receiving district. The increase shall be 3/4 of this product for the second year, and 1/2 of this product for the third year, and 1/4 of this product for each of the fourth through the seventh years.

The amount of the increase shall be computed each year on the basis of the facts at the date of attachment except that the millage levied for operating purposes shall be the actual millage spread each year.

Sec. 162. (1) Whenever a school district, in whole or in part, was attached to another district prior to January 1, 1969, as authorized by Act No. 239 of the Public Acts of 1967, as amended, being sections 388.711 to 388.720a

of the Compiled Laws of 1948, the amount of state aid to be paid in the year 1972-73 to the district to which territory was attached shall be increased by $150.00 per pupil added as a result of such attachment in the year 1968-69 for the purpose of bringing about uniformity of educational opportunity for all the pupils of the district. The number of student residents of the attached areas and counted as resident students on September 27, 1968 shall serve as the basis for the payment of these funds.

(2) School districts receiving students under the provisions of Act No. 239 of the Public Acts of 1967, as amended, and divided and attached between January 1, 1969 and July 1, 1969, shall be granted the sum of $112.50 per student resident of the area received as a direct result of the attachment. The money shall be deposited in the general fund account of the districts receiving the students and used for the purpose of bringing about uniformity of educational opportunity for all the pupils of the enlarged school district. The number of students each district receives under the provisions of Act No. 239 of the Public Acts of 1967, as amended, shall be determined by a membership count as made by the department of education on September 26, 1969. Not more than $450,000.00 is appropriated for the purposes of this subsection.

(3) Any funds owed to the attached district including but not limited to any overpayment of bills paid by the attached district, delinquent property taxes for operating purposes, reimbursement due the attached school district from the state for transportation and tuition or any funds due the district from federal or other state sources, or gifts received by or in behalf of the attached district shall be placed in the school aid fund.

CHAPTER 15

REPORTS REQUIRED

Sec. 171. The county treasurer of each county shall furnish each year to the superintendent of public instruction, on or before July 1 following the receipt of assessment rolls, a statement of the state equalized valuation of each district and fraction of a district within his county on forms furnished by the superintendent of public instruction.

Sec. 172. Before the first Monday in November of each year each district of this state shall furnish to the superintendent of public instruction such reports as he shall deem necessary for the determination of the allotment of funds under the terms of chapter 3 et seq. of this act. Each district employing 25 teachers or more shall furnish to the superintendent of public instruction a copy of its salary schedule and a statement to what extent the schedule is being observed.

Sec. 173. On or before the first Monday in November of each year each district of this state shall furnish to the legislative fiscal agency of the state legislature such information as the agency shall require on forms prepared and furnished by such agency, relative to the expenditure of funds appropriated under this act by the legislature for the prior year.

Sec. 174. The superintendent of each intermediate district between August 20 and August 30 of each year, and at any other times upon the request of the treasurer of the county, shall furnish to the county treasurer the names and post office addresses of the treasurers and the presidents and secretaries of the boards of all districts in his county.

Sec. 175. The secretary of the board of each district enrolling non-resident pupils shall certify to the superintendent of public instruction on forms furnished by the superintendent of public instruction, the number of

nonresident pupils enrolled in each grade on the fourth Friday following Labor day of each year, the districts in which the nonresident pupils reside, the amount of tuition charged for the current year, and any other information required by the superintendent of public instruction.

Sec. 176. The superintendent of public instruction shall inform, in writing, each legislator, prior to the warrants being delivered, of the amount of money each district in the legislator's respective representative or senatorial district will receive.

CHAPTER 16

PENALTIES AND FORFEITURES

Sec. 181. Any school official or member of any board, or other persons, neglecting or refusing to do or perform any act required by him by this act, or violating or knowingly permitting or consenting to the violation of the provisions of this act, shall be deemed guilty of a misdemeanor, and on conviction shall be punished by a fine not to exceed $500.00 or by imprisonment in the county jail not exceeding 3 months, or both such fine and imprisonment, in the discretion of the court.

Sec. 182. Any district which fails through the negligence of its officers to file reports in accordance with chapter 15 shall forfeit such proportion of funds to which the district would otherwise be entitled under the terms of chapter 3 et seq. of this act as the delay in said reports bears to the school term as required by law for the district.

Sec. 183. As provided in the school code of 1955, as amended, the board of any district shall not permit any unqualified teacher to teach in any grade or department of the school. Any district employing teachers not legally qualified shall have deducted the sum equal to 1/2 the amount paid such teachers. The superintendent of each intermediate district shall notify the superintendent of public instruction of the name of the unqualified teacher and the district employing him and the amount of salary the unqualified teacher was paid with respect to districts within his intermediate district.

Section 2. Act No. 312 of the Public Acts of 1957, as amended, being sections 388.611 to 388.652 of the Compiled Laws of 1948, is hereby repealed.